EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

RUSSIA
Industry sector goes under the hammer
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World News

Car bomb at Beirut checkpoint kills 30

As many as 30 people were killed and more than 100 wounded when a car bomb exploded among rush-hour shoppers in a predominantly Moslem area of Beirut, close to a Syrian army checkpoint. It was the worst such incident since the 16-year civil war ended more than a year ago. Page 3

An explosion near a large hotel in central Baghdad injured several people and left cars blazing, witnesses said. Page 3

Khmer Rouge man back
Khieu Samphan, a Khmer Rouge guerrilla leader, arrived in Phnom Penh amid tight security. His first attempt to return was thwarted a month ago by protesters. Page 3

Menem sacks mill chief
Argentina's president Carlos Menem sacked the head of the country's state-owned steel mill in the government's fifth corruption scandal of the year. Page 2

Marcos widow backed
The party of the late Philippine dictator Ferdinand Marcos endorsed his widow, Imelda, as its candidate in next May's presidential election. Page 3

Missile use confirmed
European Community monitors confirmed that the Yugoslav federal army fired Russian-made missiles at villages south of Zagreb last weekend. Page 2

Hanoi communist curb
Vietnam's elected National Assembly will win a big increase in its powers under a draft constitution which limits the role of the Communist party. Page 3

Palestinian attacked
Arabs opposed to Middle East peace talks hurled bottles, stones and chairs at Palestinian leader Faisal al-Husseini, hounding him out of the Israeli-occupied West Bank village of Tulkarm.

High toll of journalists
Eighty-three journalists were killed on assignment this year, the highest annual toll on record, the International Federation of Journalists said in Brussels. A Croatian cameraman died yesterday in a mortar attack on Karlovac.

Americans held in Iraq
Two Americans who disappeared on the Kuwaiti frontier more than three weeks ago are being held in Iraq, the US embassy in Kuwait said.

Holiday villas wrecked
Corsican separatists blew up 30 holiday villas on the east coast of the island after pledging to step up their campaign against French rule.

Walk, don't chew
Singaporeans can no longer walk and chew gum at the same time. The government is to ban the import, sale and manufacture of chewing gum from Friday. Page 12

Financial Times
The Financial Times will not be published tomorrow, Wednesday, January 1. It will be published again on Thursday, January 2.

Business Summary

Wall Street surges 62 points to fresh high

Wall Street rallied to a third straight record high in hectic trading yesterday with the Dow Jones Industrial Average surging more than 62 points.

The index of 30 major stocks closed 62.39 at 3,163.91. Volume topped 225m shares. The finish surpassed a previous record close of 3,101.52 set on Friday. The market has been rising on hopes that interest rate cuts will invigorate the economy. Second Section, Back Page

BANC ONE, expansion-minded super-regional banking group based in Ohio, announced plans to move into the state of Colorado for the first time, through an all-share merger with Affiliated Bankshares, a banking group headquartered in Denver. Page 14

GERMANY: Chancellor Helmut Kohl stepped into the minefield of the country's 1992 pay round, defying repeated union warnings that political interference could lead to serious trouble. Page 12; Kohl tries to calm fears over summit, Page 2

BANK of Japan's surprise cut in its official discount rate by half a percentage point to 4.5 per cent indicated concern about the fragility of the economy. Yesterday's move came amid mounting evidence of a rapid slowdown. Central bank's seasonal mood, Page 12

FRANCE'S trade minister Francois Doubin said the government would relax the country's strict Sunday trading laws, which were defied at the weekend in a widely publicised protest by the Virgin chain of music stores.

FLETCHER Challenge, of New Zealand, has taken another step in restructuring its North American forestry interests by selling its stake in Donohue St-Felicien, a Quebec-based pulp and timber producer. Page 14

FRANCE suspended sales of the high dose form of Halcion, the world's best-selling sleeping pill made by US drug company Upjohn. Page 14

US CONSUMER confidence has stopped falling sharply but remains at the lowest level for a decade, figures released yesterday indicate. Page 2

ZALE, Texas-based jewellery store group, became the latest casualty in the US retailing sector, when it announced it was closing 400 outlets and halting debt payments. Page 18

DUTCH economy faces a slower rate of growth and a higher rate of inflation, after several years as one of the best-performing in the industrialised world, according to the latest survey by the Paris-based Organisation for Economic Co-operation and Development. Page 2

LA CINQ: Yves Sabouret, president of the ailing French television station, has told union representatives he "doesn't see how we can keep going," a station spokeswoman confirmed. Page 14

It was a year of surrenders and ceasefires. The Soviet Union ended but the recession didn't. Mikhail Gorbachev retired to his dacha; General Schwarzkopf returned to his family and Saddam Hussein continued to rule in Baghdad
Pages 6 and 7

1991 IN REVIEW

Economic divisions persist at Minsk

Military accord eludes former Soviet republics

By Leyla Boulton in Minsk and Agencies

LEADERS of the 11 former Soviet republics yesterday agreed to a unified command over nuclear weapons but failed to resolve differences over conventional forces in their new Commonwealth of Independent States, officials said.

The leaders, holding their second meeting in Minsk, the Belorussian capital, on the 69th anniversary of the treaty that formally established the Soviet Union, also failed to name a permanent commonwealth military commander, said Mr Rasim Agayev, spokesman for the Azerbaijani government.

Instead they agreed to retain Marshal Yevgeny Shaposhnikov as interim commander in the post for two more months, and to reconvene in Minsk on January 10.

Marshal Shaposhnikov, the former Soviet defence minister, had been named to the interim post on December 21.

There were continued divisions over economic policy. Belorussia announced it would free prices on most consumer goods on Friday, the day after Russia takes a similar step.

But Mr Leonid Kravchuk, president of Ukraine, said free prices would not take effect in his republic until January 10. He said he was dissatisfied with the economic policies of Russia and the commonwealth, the Interfax news agency reported.

Mr Kravchuk accused Russia of violating the commonwealth agreement by not providing enough rouble banknotes to Ukraine to handle the expected price increases.

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■ City of Minsk does its best to rise to a capital occasion
Page 12
■ Russia plans crash privatisation to stave off financial collapse

He told reporters the idea of a common rouble currency, agreed earlier by commonwealth republics, now appeared to be a "fiction".

Mr Boris Yeltsin, the Russian president, who co-founded the commonwealth this month, sweeping away the last vestiges of the Union and ending the rule of Soviet President Mikhail Gorbachev, was yesterday anxious to play down any disagreements.

"The meeting is going well, smoothly. After 74 years [of Communist rule] there are many problems and time is needed to resolve them," Mr Yeltsin told reporters during a break.

The only other substantial agreement by yesterday evening was over the commonwealth's co-ordinating administrative bodies, said Mr Agayev. The leaders created two councils – one consisting of the commonwealth presidents, the other of its prime ministers.

Failure to reach agreement on a permanent commander and to forge an accord on conventional forces reflected the stubborn differences among the commonwealth members on the sensitive issue of control over the military.

Russia, Ukraine, Moldavia, Armenia and Azerbaijan said they wanted to form their own armies.

However, the republics have already ceded broad control of nuclear arms to Mr Yeltsin. Ukraine had nevertheless been seeking a more clearly defined veto on their use.

Mr Kravchuk said before the talks started that Ukraine insisted on its own army and on control of the Black Sea fleet, a vital arm of what was the Soviet navy, based in the Ukrainian port of Sebastopol.

"Historically, the Black Sea fleet was always Russian," Mr Yeltsin said.

"But probably Ukraine has some right to lay claim to some part of it."

Russia has already claimed the most advanced Soviet aircraft carrier, the Admiral Kuznetsov, over objections from Ukraine.

Mr Kravchuk, who has the power to make or break the community, appeared more sceptical. "We must wait and see what kind of commonwealth it is and only then talk about signing any joint charter," he told Interfax news agency.

Another area where the leaders could not agree was the ethnic conflict in the mostly Armenian enclave of Nagorno-Karabakh inside Azerbaijan.

Ukraine, Mr Kravchuk said, would take measures to protect its economy when Russia freed prices to market levels on January 2 – a day that may strain the fibre of the new community.

Festive spirit: Floor dealers at the Tokyo Stock Market are busy with orders in a hectic last trading day of the year. The share price boosted on the announcement by the Bank of Japan to cut the official discount rate one half percentage point to 4.5 per cent yesterday. Japanese bank bears a gift for growth, Page 12

Wilson to retire as Hong Kong governor next year

By Alexander Nicoll, Asia Editor, in London

SIR David Wilson will retire next year from the governorship of Hong Kong, Britain has announced, triggering speculation about who will succeed him.

Sir David, 56, will have been governor for five years in April 1992. He is awarded a peerage in today's honours list after steering the colony through a difficult time as it approaches the relinquishing of British control and the handover to China in 1997.

Downing Street said Sir David enjoyed the government's "full confidence" and that he had never intended to serve until 1997.

However, the government made no announcement about who would succeed him and indicated that a successor would not be appointed until after the British general election, which has to take place by July 1992.

It had been widely expected that Britain would appoint one more governor to see the territory through to the handover.

There has been considerable debate about the type of governor needed. Traditionally it has been a top Foreign Office appointment – Sir David is a diplomat as well as a Chinese scholar – but many observers believe the last British governor should be someone with strong political skills.

British hostages held until recently in Lebanon and leading UK industrialists receive tributes in today's New Year Honours list. The honours are largely recommended by the government but are announced under the Queen's name. The Labour opposition party objects to political awards and did not make any nominations.

Nearly 1,000 honours have been awarded including five life peerages and 29 knighthoods. Choices from the sports world reflect prime minister John Major's enthusiasm for cricket, rugby and football. Details Page 4

The agreement on building Hong Kong's new airport reached between Britain and China in July after a long and acrimonious dispute, established a closer framework of direct discussions between London and Beijing on Hong Kong. This suggested the need for a robust and more open style of government to represent the interests of Hong Kong people as difficult issues affecting their future emerge.

However, China would strongly object to a more independent line from Hong Kong since it views the colony's administration simply as a part of the British government.

The names of a number of politicians have been suggested for the governorship, including Mrs Margaret Thatcher, former prime minister, Sir Geoffrey Howe, former foreign secretary, and Mr Peter Brooke, Northern Ireland secretary. Mr David Owen, the former Social Democratic party leader who was foreign secretary in an earlier Labour government and who is retiring from politics at the next election, has also been mentioned.

The government is understood to have ruled out appointing a Hong Kong Chinese as governor, even though many in the colony would favour such a choice. It is also believed that the government is still undecided on

Continued on Page 12

Honours list, Page 4

UK chancellor rejects sterling devaluation

By Peter Norman, Economics Correspondent, in London

MR NORMAN LAMONT, the UK chancellor, has ruled out a devaluation of sterling in the European Monetary System. He says he plans no special measures to boost the economy before the Budget in March.

In an interview with the Financial Times, Mr Lamont admitted that growth in the UK economy may turn out weaker than forecast in the government's Autumn Statement last month because of economic problems abroad.

But he said the disappointing nature of the recovery did not mean that the government's policies should have been different.

Looking refreshed after his Christmas break, and apparently unruffled by widespread criticism of the government's handling of the economy, the chancellor insisted that "all the classic ingredients for recovery are now in place". Low inflation, lower interest rates, rising real incomes, and the improved financial position of the personal and corporate sectors "underpin my confidence that we will see a clear resumption of economic growth over the coming year", he said.

Some of Mr Lamont's strongest words were directed at those – including some Conservative backbenchers – who have advocated a devaluation of sterling in the EMS as a way of easing Britain's problems.

"There will be no realignment," he said. He rejected as "fool's gold" suggestions that a devaluation would enable Britain to make a substantial cut in interest rates. "A realignment might actually lead to higher interest rates, since the markets would have no guarantee that a government prepared to devalue once would not do so again," he warned.

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Mr Lamont rejected suggestions that membership of the EMS exchange rate mechanism condemned the UK to slow growth. "Getting inflation down is never easy, but that is true either inside or outside the ERM. What the ERM will ensure is that inflation stays down, so providing the foundation for sustainable growth in output and jobs."

The chancellor stood firm against being panicked into short-term action to boost the economy. The Budget in March would be the time for tax measures "if there are any". The government's package of measures before Christmas to prevent rising repossessions next year and support the housing market "was aimed at a social problem and a particular problem". It did not set a precedent for a more active fiscal policy.

"My view has been and remains that fiscal policy is set in the medium term and that we don't make structural changes for purely short-term reasons," he said.

Mr Lamont acknowledged that the UK economy was unlikely to achieve the government's forecast of modest 0.6 per cent growth in the second half of this year compared with the first half. Since making the prediction in his first Budget in March "the economic climate throughout the world has been somewhat worse than expected", he said.

But the government could not simply "press a button and sit back while the economy rockets off into recovery". The job of governments was to make sure that conditions were right for economic growth, which meant "first and foremost getting inflation down" but also getting government off the backs of businesses by minimising bureaucracy and red tape.

In a rare show of annoyance, the chancellor bridled at the suggestion that he had been excessively optimistic about the economy over the past year. "It is grotesque to portray me as some sort of blue-eyed optimist," he said. He insisted that he had underlined that conditions were difficult for business and likely to remain so.

But equally there was a risk of people talking the economy down unnecessarily. He said: "I am realistic about the current economic situation but it is also my job to look ahead and it is my view that the policies we have in place will lead to recovery."

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Support for Kuwait's opposition trickles into the desert sand

Kuwait's opposition groups, which urged democracy immediately after the emirate's liberation nine months ago, are these days running out of supporters as the Emir and his family loosen their purse-strings
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MARKETS

STERLING
New York:
$1.8655 (1.8742)
London:
$1.867 (1.8775)
DM2.8375 (2.8475)
FFr9.69 (9.735)
SFr2.5325 (2.535)
Y234.75 (235.75)
£ index 91.5 (91.7)

GOLD
New York Comex Feb
$353.9 (355.0)
London:
$351.75 (353.35)

N SEA OIL (Argus)
Brent 15-day
$17,825 (17.675)

Chief price changes yesterday: Page 15

DOLLAR
New York
DM1.521 (1.5188)
FFr5.1905 (same)
SFr1.3570 (1.35175)
Y125.55 (125.9)
London:
DM1.52 (1.5166)
FFr5.19 (5.165)
SFr1.357 (1.3505)
Y125.7 (125.5)
$ index 60.9 (same)
Tokyo close: Y125.83

US LUNCHTIME RATES
Fed Funds: 3¾% (4.0)
3-mo Treasury Bills:
3.951% (3.931)
Long Bond:
106 3/32 (105 ¾)
yield: 7.443% (7.506)

STOCK INDICES
FT-SE 100:
2,420.0 (+1.3)
FT-A All-Share:
1,157.95 (+0.1%)
FT-SE Eurotrack 100:
1,065.54 (+10.24)
FT-A World Index:
150.02 (+1.6)
New York
DJ Ind. Av.
3,163.91 (+62.39)
S&P Comp
415.14 (+8.68)
Tokyo: Nikkei
22,983.77 (+546.45)

LONDON MONEY
3-month interbank:
11% (same)
Liffe long gilt future:
Mar 95 1/16 (Mar 95 3/32)

Russia's trade and industry sectors go under the hammer

By John Lloyd in Moscow

THE RUSSIAN government intends to sell off the republic's trade and industry sectors under a privatisation programme outlined yesterday by Mr Yegor Gaidar, the deputy prime minister, as "the basis of the long-term, strategic direction of a profound structural reform".

The announcement coincided with plans to introduce sweeping price liberalisation, scheduled to take place on Thursday.

Mr Gaidar said the privatisation programme, spelt out in a 30 page document which was approved by parliament last weekend, is short on detail, but confirms the main thrust of government policy – to get into private hands as soon as possible enterprises which could provide competition. The programme is also designed to puncture the rise in prices which, under monopoly conditions, could rise without limit.

The goals the government hopes to achieve through privatisation include "easing the transition to price liberalisation". It is allowing the privatisation of shops, small businesses in the construction and food sectors, light industry and loss-making plants. But the programme also obliges the State Property Agency, set up to oversee the privatisation, along with its local branches and the municipal governments, to sell state property off in two phases.

The first phase will begin on January 2 and last until the third quarter of next year; the second phase is scheduled to start in mid-1992.

Perhaps reminiscent of good old Soviet style, a "list of objectives" has been set out for the authorities to meet by next year. These include selling off 60 per cent of the food industry, (estimated to be worth Rbs23bn); 70 per cent of the construction industry (Rbs13.2bn); 70 per cent of light industry, (Rbs10.6bn); 60 per cent of retail shops (worth Rbs10bn); 20 per cent of unfinished construction projects (Rbs7bn).

In all, the government reckons it could raise about Rbs92bn through these sales next year – if all goes according to plan.

Once this privatisation programme is in full swing, the tempo is expected to speed up. According to the plan "in 1993, the amount of revenue from privatisation may rise substantially and reach Rbs300bn-Rbs350bn. . . . in 1994, the total amount of revenues from privatisation will rise by Rbs470bn-Rbs500bn".

In the short term, there will be a long list of sectors excluded from privatisation, ranging from territorial waters and main transport services to gold and platinum mining, from television and radio to electrical energy supply and other utilities.

Moreover, certain key sectors will require government permission to be privatised. These will include oil and gas production, pharmaceuticals and enterprises employing more than 10,000 workers, or with assets valued at over Rbs200m on January 1, 1992.

Mr Gaidar, and Mr Anatoly Chubais, chairman of the Russian state committee on property, stressed yesterday that this form of privatisation was also designed to placate a number of groups, most crucially workers in newly-privatised companies.

The Russian authorities, for instance, have resisted the "Yugoslav" option of giving the companies to the workers. Instead, workers will be given preference shares accounting for 25 per cent of the company's stock. The labour force will also be given the opportunity to buy further shares at a 30 per cent discount.

Furthermore, if a foreigner buys a plant outright, 10 per cent of the purchase price will be distributed among the workers. Mr Chubais said that a further 20 per cent of the revenue raised through privatisation would be earmarked for "social" expenses. The idea is to give those at the bottom of the heap, often working outside privatised companies, or on pensions, a stake in the process.

Mr Gaidar was keen to stress how much he wanted to see foreigners involved in the privatisation process, although the sectors which the authorities are focusing upon, and where the terms of sale are easiest – unfinished construction sites and loss-making enterprises – are not, on first sight, attractive to foreign investors.

However, the latter will also be allowed to buy into other enterprises, provided the bids are competitive. Otherwise, they will be subject to the same restraints of government permission as Russians.

In addition, foreign investors may have to limit their shareholding to a fixed upper limit, if the government decrees the industry "strategic". Thus, investors would have to live with a goverment "golden shareholding" giving it the right to a controlling vote.

The programme reflects the sensitivities of the government and its advisers to charges of selling out the country to foreigners, and of robbing the workers of what is presently, ostensibly, "theirs".

GEORGIA'S besieged President Zviad Gamsakhurdia has lost the military backing of some of the Transcaucasian republic's powerful armed groups, Reuter reports from Tbilisi. It was not clear, however, whether rebel National Guards, backed by the shadowy Mkhedrioni (Horsemen) opposition group, have the power to force their way into the fortified parliament complex where Mr Gamsakhurdia has been under siege for more than a week.

A senior Georgian rebel commander said yesterday his forces were preparing to storm the parliament complex. Major Gela Lanchava told Reuters that opposition forces had launched a successful counter-attack through the city centre after losing some positions to government forces fighting from their base in the parliament. Fighting raged along Rustaveli Avenue, the main thoroughfare in the capital, Tbilisi, yesterday morning.

Russian soldiers manage a smile for an American tourist posing for a photograph yesterday in front of a large sign wishing Muscovites a happy New Year

City of Minsk does its best to rise to a capital occasion

AS LEADERS of the Commonwealth of Independent States struggled to breathe life into their partnership in the final hours of 1991, many people saw the New Year as ushering in a world with some new symbols and lots of old problems, writes Leyla Boulton in Minsk.

Nowhere was this more evident than in Belorussia, the small western republic which was hosting a summit to try to put the finishing touches to the commonwealth, which officially replaces the Soviet Union. Mrs Leakadia Reintovich, a retired factory worker, summed up the weary caution of many Belorussians who almost overnight have seen their conservative republic propelled towards independence. "I'm used to the union of course, but if this commonwealth is going to make life better, then so be it."

Endowed with a new importance since the departure of President Mikhail Gorbachev, the leaders of the 11 republics flew into Minsk, the commonwealth's choice for a capital, for a grand welcome in separate motorcades. But in one of the everyday reminders that this is still very much one country, traffic police who blocked off entire streets for the event still wore the same uniforms as their colleagues in the other "independent" states.

Minsk has grown somewhat since I was a student here 10 years ago, but it is still the backwater I once knew, as it tried desperately yesterday to cope with its new role as commonwealth capital. White-gloved policemen grilled reporters trying to gain access to a hastily set up press centre – reflecting the anxiety of republican authorities to show they can handle this sort of event on their own. Without doubt, one feature of the commonwealth will be to worsen former Soviet traits: bureaucracy and trade barriers are two examples.

Whereas before one could travel everywhere in a country which occupied a fifth of the world's surface with one identity card issued by the now defunct foreign ministry, correspondents now require accreditation with each republic. This means 11 bureaucratic hassles, instead of just one assault on a single bureaucracy with familiar idiosyncracies.

A more worrying sign of more economic chaos to come was brought home to me when, still in Moscow, I tried to buy a train ticket to return home from Minsk (I could get a flight out but no flight back). The clerk at Intourist, the Soviet travel agency for foreigners, was adamant: she could sell me a ticket to travel from Moscow to Minsk, but no return ticket since "the Belorussians have their own tariffs".

As Mr Boris Yeltsin, the Russian president who is the Commonwealth's senior figure, said in his New Year message on Sunday evening, "the centre is gone". But the Russian leader, who is due to introduce harsh price reforms on Thursday, sought to reassure millions of viewers in a broadcast on the still operational but now Russian-controlled union-wide television. "We need to help people find themselves in this new life," he said.

In an appeal for patience which sounded more like wishful thinking, he expressed confidence that the country had learned the bitter lessons of its history sufficiently well to avoid another civil war. But Sasha, a Belorussian butcher who moonlights as a taxi driver, disagreed. "This country needs a Stalin or a Brezhnev. Under Brezhnev, the leadership stole state property and so did the people, so it didn't matter. Stalin on the other hand, knew how to make people work."

However, in an illustration of how most former Soviet citizens are ready to try anything for a better life, he was willing to give market reforms a chance, saying that he had no incentive to do his job properly under the collapsing administrative command system. "I could spend the whole day chattering instead of working properly, because people will still buy meat, whichever way I chop it."

Kohl tries to calm fears over summit

By Christopher Parkes in Bonn

CHANCELLOR Helmut Kohl moved yesterday to damp down persistent domestic disquiet over the bargains struck at the Maastricht summit.

In a sweepingly confident newspaper article, Mr Kohl said the European Community was now "irreversibly" en route to a federal future, driven by a monetary engine built to a German blueprint, with a strengthened parliament at the wheel and sovereignty consigned to the boot.

The government press office, meanwhile, backed him up with newspaper advertisements emblazoned with a DM1 coin surrounded by the 12 stars of the EC banner, and the copy line: "Europe's future assured: stable currency, stable future." No mention of the Ecu.

Different sides of the same coin, the article and the advertisement show that however persuasive the chancellor was in the Netherlands, he still has work to do at home.

He has been dogged since his return by serious concern that not enough was achieved in progress towards political union to justify the sacrifice of the D-Mark to monetary union. There is also much popular grief at the "loss" of the D-Mark – presented in headlines as "our lovely money".

The new European currency, Mr Kohl wrote, would be "exactly as stable as the D-Mark" because "our monetary and stability policies, tested for more than 40 years" have become the blueprint for the future EC monetary order. The Bundesbank was also the model for the new European central bank, he said.

Germany had ensured that the Community would develop into a federal Europe. "The abandonment of sovereignty in favour of the Community demands at the same time a stronger European parliament. . . . Maastricht took us part of the way. . . . Further steps must and will follow."

To critics of the paucity of progress towards political union he said that "anyone who is really interested in a European union must be ready to hand over to the Community powers in . . . areas such as foreign and security, interior, legal and social policy".

The D-Mark, meanwhile, asserted Mr Kohl's copywriters, was more than a coin. It was a "token of trust". More and more EC countries would adopt the solid German monetary policy – "a great result of German policies at Maastricht".

State steel mill chief sacked by Menem

By John Barham in Buenos Aires

ARGENTINA'S President Carlos Menem has sacked the head of the country's state-owned steel mill in the government's fifth corruption scandal of the year.

Mr Menem sacked Mr Jorge Triaca, a trade unionist and former Labour Minister, as head of Somisa, the country's largest steel mill which is to be privatised in 1992, after a judge indicted him last week on charges of abuse of authority and fraud.

Mr Menem's government has been dogged all year by allegations of corruption involving ministers, aides and members of his wife's family. Despite promises of a crackdown, no official has been convicted of corruption.

The scandal was sparked by Mr Triaca's purchase of luxurious new offices for Somisa in central Buenos Aires for $5m (£2.7m), even though it already owned a purpose-built building in the Buenos Aires business district.

He is alleged to have paid above-market prices for the offices and accepted a commission on the transaction. He is also attacked for spending heavily on decorating the offices after slashing Somisa's work force to prepare it for privatisation. Mr Triaca says the old offices are now too large for Somisa's reduced administrative staff.

Mr Triaca is a controversial figure. He "inherited" control of the plastics workers' union from his father, one of the union's founders. A natural survivor, he emerged from two decades of political turbulence a rich man by marrying into a wealthy family. He became Mr Menem's labour minister in 1989 but was sacked in January 1991. He was appointed to head Somisa in May.

Mr Menem replaced Mr Triaca with Ms María Julia Alsogaray , whose father is leader of the Conservative party, an ally of the ruling Peronist party. She was in charge of last year's privatisation of the telephone network and is now head of the federal environment department. Mr Menem has given her until March to sell Somisa.

Scant consumer confidence in US

By Michael Prowse in Washington

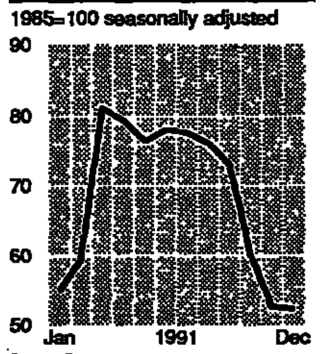
US consumer confidence has stopped falling sharply but remains at the lowest level for a decade, figures released yesterday indicate.

The Conference Board, a New York-based business analysis group, said its closely-watched index of confidence fell this month to 52.4 from 52.7 per cent in November. This follows a 30 per cent plunge in confidence in October and November as the economy appeared to slip back into recession. The index, however, remains below the trough reached in the deep 1981/82 downturn, offering little comfort for economists searching for signs of recovery.

Separate figures yesterday showed a 5.4 per cent rise in sales of existing (as opposed to new) homes in November, indicating that lower interest rates are making homes more affordable.

US consumer confidence

1985=100 seasonally adjusted



Source: Datastream

Mr Fabian Linden, for the Conference Board, welcomed the apparent levelling out of confidence, but warned that consumers' spirits were still at "rock-bottom". An economic turnaround could not occur without an "appreciable improvement" in confidence.

The survey showed a further fall – to 4 per cent – in the proportion of consumers reporting that jobs were plentiful. The numbers of people planning to buy cars or large domestic appliances also fell further, from already subdued levels.

Consumers appear to be growing gloomier about the immediate outlook while becoming slightly more optimistic about the future. A component of the confidence index measuring the "present situation" fell sharply to 21.8, compared with 27.1 in November and 61.2 a year ago. However, a component measuring "expectations" rose to 72.8 compared with 69.7 per cent in November and 59.8 a year ago.

The increase in sales of existing homes last month was the largest since the housing market began an uncertain recovery in February.

It follows other mildly encouraging economic indicators over the holiday period, including a 1.2 per cent increase in orders for durable goods in November and sharply higher share prices.

Red tide threatens Rio de Janeiro's sinking tourist trade

By Christina Lamb in Rio de Janeiro

"I LOST my heart in Rio. . . . and my camera and my watch and my wallet" reads the telling slogan on this season's best-selling T-shirt in the holiday resort of Rio de Janeiro.

Security has long been a problem in Rio. The bands of children who terrorise tourists with shards of glass or knives on Copacabana beach have caused a 40 per cent fall in tourism in the past three years. Now there is a new deterrent. On Christmas Eve the sea turned red.

Tourists arriving in droves over the festive season expecting to tan themselves on the city's famed golden beaches were shocked to find the sand filthy, and the water reeking of rotten fish and so murky that the few brave paddlers could not even see their feet.

Even Rio residents who traditionally flee their offices at Christmas to pass Yuletide on the beach were deterred. Despite temperatures topping 100F the beaches have been unseasonally empty. Surf champions and budding Peles were forced by the smell to abandon honing their skills on the beach. Anyone expecting to see Carmen Mirandas in dental floss bikinis were disappointed.

The sea's strange coloration is a result of a plague of red algae. According to Mr Renen Justen, planning director of the city environmental commission (Feema), the large quantity of algae is a natural phenomenon caused by a combination of strong sun, calm sea, and a build-up of salt and marine nutrients. He dismisses newspaper reports of illegal dumping of chemical waste.

Even those who took to their cars in search of cleaner bathing had no luck. The algae stretch for 100 miles from Saquarema in the north to Pedro de Guaratiba in the south.

The "Red Sea" is the latest blow to a city preparing to host the World Environment Summit in June. Recently Rio had its first cholera cases, there was a sewage spill off Ipanema beach, and a controversial $50m project to build cycle paths along the beach has left parts of the seafront resembling a building site.

Mr Gordon Knight, a British tourist on a "holiday-of-a-lifetime" on Ipanema beach, said he was horrified by his experience so far. "When I arrived at the airport they gave me a leaflet warning me not to wear a watch or camera. The hotel security warned me not to carry money or to walk on the beach at sunset. From my room I have a nice view of a brown sea, two sewage dredgers and some bulldozers. Now I can't even swim. Next year I'll stay in England."

France to ease Sunday trading laws slightly

FRANCE is to relax slightly its strict Sunday trading laws, defied last weekend in a widely-publicised protest by the Virgin chain of music stores, Reuter reports from Paris. Mr Francois Doubin, trade minister, said yesterday that a bill, increasing from three to six the number of Sundays that record shops and other "cultural" outlets could stay open each year, would go before parliament early next year.

However, he attacked Virgin for taking the law into its own hands by opening its Megastores on Sunday in Bordeaux, Marseille and on Paris's Champs-Elysées.

Virgin France will have to pay a FFr500,000 (£51,000) fine for its action which delighted thousands of shoppers but angered traditionalists and the company's own trade unions. The CFDT union said it would press for the fine to be quadrupled should Virgin open on future Sundays.

Sunday trading bans have come under challenge across Europe, notably in Britain, with stores arguing the notion of a "day of rest" is incompatible with modern living.

EC monitors confirm missile attack

By Judy Dempsey, East Europe Correspondent

EUROPEAN Community monitors yesterday confirmed that the Yugoslav federal army had fired Russian-made ground-to-ground missiles on villages south of Zagreb, the Croatian capital, last weekend.

Despite denials by a senior federal army officer, Ms Renilde Steeghs, the acting spokesperson for the EC monitors based in Zagreb, said monitors had seen pieces of the shells.

"Although we cannot confirm how many missiles were fired – some reports say seven – our EC monitors saw where the missiles hit the ground. These were probably Frog, or Russian-built, ground-to-ground missiles, which hit several villages south of Zagreb," she added.

The launch of the missiles coincided with a big federal army attack on the old garrison city of Karolovac, south of Zagreb. Croatia radio reported that 11 people had died and 64 been injured over the past four days of constant shelling.

Neither EC monitors nor Croatian officials could explain why the army was launching this attack shortly before a fifth visit by Mr Cyrus Vance, the United Nations special envoy, to Yugoslavia to consider whether an international peace-keeping force is feasible.

However, Croat officials yesterday said the army attack could be an attempt by Serbia and the army to cut off the link between Zagreb and the republic's coastal regions of Istria and Dalmatia.

The officials added that the Serb-dominated federal army was continuing to retreat from western Slavonia in central Croatia.

On his way to Yugoslavia, Mr Vance stopped off in Lisbon yesterday to brief Portuguese officials who tomorrow take over the chair of the EC presidency. He is due to hold separate talks today in Belgrade, the Serbian and federal capital, with Mr Slobodan Milosevic, the president of Serbia, and leaders from the six republics.

Meanwhile, EC monitors based in Zagreb, Belgrade, Sarajevo, the capital of Bosnia-Hercegovina, and the Croatian port of Split, yesterday said they had successfully negotiated the withdrawal of the federal army from Croatia's garrisons.

OECD worries about Dutch social security costs

By Ian Davidson in Paris

THE DUTCH economy faces a slower rate of growth and a higher rate of inflation, after several years as one of the best-performing in the industrialised world, according to the latest survey by the Paris-based Organisation for Economic Co-operation and Development.

The growth of gross domestic product is expected to decline to 2 per cent next year, compared with a rate of 3.5 per cent in 1988-90; even this will mainly be due to the buoyancy of net exports, while the growth of total domestic demand is expected to decelerate to around 0.5 per cent.

More worrying, according to the OECD, is the acceleration in inflation, which moved up to 4.5 per cent in the third quarter of 1991, compared with an average of less than 1 per cent in 1987-90.

The Dutch authorities have little policy leeway for moves to mitigate the economic slowdown, the report points out. On the contrary, it says that the Netherlands must stick to its medium-term budget consolidation programme of 1989, under which the budget deficit is to be reduced from 5.25 per cent of net national income (NNI) in 1990 to 3.25 per cent in 1994. (For the Netherlands, NNI – an adjusted gross domestic product – is about 10 per cent lower than GDP.)

Meeting these budget targets will call for a considerable overhaul of the social security system, says the OECD, with deep reductions in transfer payments and subsidies. Cuts in these areas of social payments, which currently account for 60 per cent of total public expenditure, will be crucial not only for reducing the budget deficit, but also for improving the general performance of the economy.

In this context, the OECD highlights the Dutch system of disability benefits, which is unique in terms of its generosity of payments, ease of entitlement, and length of payment. At the end of 1990, nearly 900,000 people were receiving disability benefits, an increase of more than a third since 1980, and corresponding to 14 per cent of the labour force. The combined cost of disability payments and sick leave represents nearly 7 per cent of GDP.

Recent measures to tighten up the disability system will require continued efforts, says the OECD, and a drastic change in the behaviour of all the parties involved.

The report argues that the generosity of social benefits in the Netherlands is a significant cause of economic inefficiency, in particular as an important source of distortions in the labour market.

These social benefits and high effective marginal tax rates create strong disincentives to work. They also underlie the exceptional dependency ratio in the Netherlands, where one employed person supports almost one person on social benefits.

Moreover, the financing of the social benefits entails a considerable fiscal burden, which weighs heavily on wage costs, and contributes to the loss of low-productivity employment and to the substitution of capital for labour.

Slimming the social benefits system will be more arduous but also more necessary in conditions of slower growth, says the report.

It is important, it concludes, that the credibility enjoyed by the Dutch authorities for their monetary and inflation control should now be strengthened also in the area of the public finances.

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مكرامن الأصل

Draft constitution envisages new powers for National Assembly

Vietnam charts a course for political reform

By Alexander Nicoll, Asia Editor

VIETNAM'S elected National Assembly is to win a big increase in its powers under a draft constitution published yesterday.

Rule by the Communist party will remain enshrined in the constitution, but the draft contains clauses limiting its interference in the country's administration and curbing abuses of its power.

Mr Nguyen Huy Thuc, a member of the editing committee, told a news conference the new constitution aimed at "political renewal".

"But we are not going to carry out political reform in a sweeping manner. We want to have firm steps and measures in order to ensure political stability," he said, according to a Reuter report from Hanoi.

Mr Tran Xuan Anh, a National Assembly official, said: "We have followed very closely the situation in the Soviet Union and eastern Europe and we have learned from the events so we can avoid disorder and chaos in our country."

The draft constitution, representing a substantial revision of the 1980 constitution, is due to be ratified by the National Assembly in April. It recognises the growing influence of the assembly, an elected body which contains some non-party members and which has become an important forum for debate.

The assembly will convene three times a year instead of twice, with fewer delegates. It will appoint a prime minister who will have expanded decision-making powers and will appoint a cabinet, for ratification by the body.

The assembly is responsible for electing a president as head of state with increased powers. The president and the Council of State, which he heads, will be able to issue decrees between assembly sessions.

According to the draft, the assembly is the only body vested with constitutional and legislative powers with responsibility for basic domestic and foreign policy.

Mr Anh said the Communist party would continue to be responsible for the general political line, but law-making would be the assembly's responsibility, according to Reuters.

The new constitution confirms the leadership role of the party but stipulates: "All organisations of the party shall operate within the framework of the constitution and the law." Communist abuse of power and influence peddling have been a source of resentment. The party has purged thousands of members in an effort to eradicate this.

The draft says the economy remains "socialist-oriented" – although it removes the constitutional right to jobs, health care, education and housing.

The state will retain ownership of land, but plots can be allocated for long-term use and rights to them can be inherited or sold. This formalises the legal basis for agricultural reforms, under which peasants can lease land for 20 years or more, which have caused a sharp rise in the country's agricultural production in the past five years.

Foreign companies are protected from asset seizure and nationalisation, and the right of foreigners to live and work in Vietnam will be formalised. The rights of Vietnamese to travel freely overseas, to invest money abroad, and to make contacts with foreign companies to conduct business, will also be recognised.

Khmer Rouge chief's return sparks alert

KHIEU Samphan, a Khmer Rouge guerrilla leader, returned to Phnom Penh yesterday amid tight security and went straight into the first meeting in the Cambodian capital of the Supreme National Council, Reuter reports from Phnom Penh.

A month ago, his first attempt to return was thwarted when a mob beat him up and drove him from the city within hours of his arrival.

He made no comment on landing at Pochentong airport but told reporters before leaving Bangkok that he wanted to see 1,000 United Nations peace-keeping soldiers in Phnom Penh in early January.

Hundreds of Cambodian soldiers in battledress, police and plainclothes agents guarded the airport and the 10km stretch of road to the city. Crowds gathered by the roadside as the convoy sped to the Royal Palace.

UN representatives attended the first meeting on Cambodian soil of the SNC, chaired by Prince Norodom Sihanouk. Under the peace agreement in October, the SNC is to run the country with the UN until elections are held. Four factions, including the Vietnamese-installed government and the Khmer Rouge – which killed a million people during its rule in the 1970s – are represented on the SNC.

Khieu Samphan said: "I think the SNC alone cannot work without the close co-operation of UNTAC [UN Transitional Authority in Cambodia]. . . the experience of the two months since the signing of the peace agreement has given enough evidence that UNTAC must come in as soon as possible."

Party backs Imelda Marcos

THE party of the late Philippine dictator Ferdinand Marcos yesterday endorsed his widow, Imelda, as its candidate in the May 1992 presidential election, Reuter reports from Manila.

The former first lady did not immediately accept the offer, but told cheering supporters that taking care of her needy people was "a divine mandate". She said she wanted first to unite the opposition to ensure victory at the polls.

"Let us now unite... and pick the strongest leader," Mrs Marcos told 300 cheering supporters at a meeting of the once powerful New Society Movement (KBL) party.

The KBL dominated Philippine politics during Marcos's 20-year rule but lost much of its influence and many of its followers after President Corazon Aquino ousted the Marcoses in a 1986 revolt.

Mrs Aquino has said she will not seek re-election and will announce soon which of about half a dozen pro-administration aspirants she will support.

Backing for Kuwaiti opposition runs into the sand

Mark Nicholson finds that many Kuwaitis care more for their lost lifestyle than for democracy

THE VOICES of Kuwait's opposition groups, which rang with assurance in calling for democracy immediately after the emirate's liberation, are these days starting to stutter.

Nine months on, the opposition is still grumbling about the ability of the al-Sabah ruling family efficiently to manage Kuwait's recovery. But the conviction among opposition leaders that they have a solid constituency who will back their protests with positive political action has faltered.

In March and April, opposition spokesmen from a range of factions including leftists, democrats and Islamic groups of varying hues, voiced their demands, mainly for the devolution of power from the hands of the ruling al-Sabah family, in the name of the 200,000 Kuwaiti citizens who endured the seven-month Iraqi occupation.

Today, those Kuwaitis who stayed are a minority; almost all the 400,000 or more Kuwaitis who fled the Iraqi invasion have come home, with tens of thousands of expatriate workers.

Opposition leaders worry that these Kuwaitis are more concerned with replacing their stolen cars, refitting their looted homes and resuming one of the world's most affluent lifestyles than with building a fresh democratic future in Kuwait's still-torn and tattered streets.

There is also the worry, persistently mulled at opposition *Diwaniyas* (talking-shop salons) that the government, traditionally adept at hushing dissent through recourse to the purse, has plenty of time before next October's elections to dissuade Kuwait's electorate installing in the revived National Assembly an effective opposition.

The central question of the election campaign, as Mr Abdullah Nibari, leader of the Democratic Forum, the main secular opposition group, sees it, is: "To what extent can the government cover their mistakes with spending?"

The government's bill for spending on the electorate is already hefty. In April, it summarily wrote off all Kuwaitis' outstanding consumer and housing loans, a total of KD1.4bn ($5.09bn). It is now negotiating with the banks to clear them of some KD7bn of accumulated bad debts, take these debts on itself and reschedule them on easier terms.

More indirect political spending is almost certain to follow, not least, some suggest, through the careful award of reconstruction contracts. As one diplomat puts it: "This will be more like an election in southside Chicago than anywhere else."

The upshot has been to leave the opposition uncertain what level of support it enjoys, and undecided about how best to recapture its lost momentum.

In the weeks after liberation, the various opposition groups successfully co-ordinated their approach with increased consultation and joint statements. But even this level of co-operation has faltered. "We are still in contact with each other, but there is no particular action," says Mr Nibari.

In an attempt to regain momentum, Mr Nibari's Democratic Forum, essentially the focus for a group of liberal, western-educated MPs from the last full National Assembly, earlier this month defied the government's resistance to the formation of political groups. It unilaterally declared itself Kuwait's first political party, electing Mr Nibari president. "We are carrying out our activities more openly," he said. "This should allow us to attract more supporters."

The move will be hard for the government to suppress, strongly pressed as it is by the US to show a democratic willingness. Some of the six other main opposition groups may follow Democratic Forum in declaring themselves as parties.

But whether such moves will provide a serious threat, rather than just a challenge, to the al-Sabah family remains an open question. Although post-war disgruntlement with the government remains at all levels of Kuwaiti society, few signs are evident that this will mobilise into a wave of threatening opposition.

The one opposition rally since liberation, in May, drew only a few hundred people. One reason for such apathy is that there is almost as much popular disillusionment with

Sheikh Jaber al-Sabah: disgruntlement unlikely to become a wave of threatening opposition to him

the effectiveness of the opposition as with the government.

Most opposition leaders are regarded not as fresh faces rising in protest out of the ashes of the Gulf war, but familiar critics rehearsing familiar arguments about widening participation in government, arguments which fall on deaf ears.

Much disgruntlement with the government revolves around its perceived tardiness in getting the economy back on track, which translates, most basically, to getting money back in people's pockets.

Once Kuwaitis return to being able to live their previously heavily-subsidised lives, many feel the opposition will lose its way further. The greater the government's success in returning to the economic status quo, many argue, the less the ruling al-Sabah family will have to worry about October's poll results.

A Lebanese civilian carries an injured child away from the scene of the blast

Beirut bomb in Moslem stronghold

A CAR bomb exploded in Beirut yesterday, killing up to 30 people and wounding more than 100 in the worst such incident since the 16-year civil war ended more than a year ago, writes Our Middle East Staff.

The bomb exploded among shoppers in the predominantly Moslem area of Basta, a stronghold of the pro-Iranian Hizbollah. Women and children were among the dead and injured. Some were trapped on balconies in a burning apartment block as gas canisters exploded around them.

A Mercedes, packed with what police estimated to be 100kg of explosives, blew up during the morning rush hour about 50 metres from a Syrian army checkpoint.

It was the fourth car bombing in Beirut this year and follows a blast on November 8 at the campus of the American University of Beirut, which left one person dead and seven injured. Car bombings, a frequent occurrence during Beirut's civil war, killed 20 people and wounded 130 during 1990.

Yesterday's blast damaged five buildings and wrecked about 15 apartments. Syrian soldiers dug through rubble with their hands for two hours to reach charred bodies. Streets were blocked by toppled power lines and poles, debris and burning cars.

Mr Chafiq Wazzan, the former prime minister whose home is in Basta, and some of his bodyguards were wounded.

The car was parked about 25 metres from a school, which had its windows blown in. Residents said had it not been closed for Christmas, casualties would have been higher.

The bombing was a blow to a renewed drive by the Syrian-backed government to tighten security in Lebanon.

Jordan endorses austerity plan

By Lamis Andoni in Amman

JORDAN's parliament last night endorsed an austere budget and economic reform programme for 1992 that has won International Monetary Fund approval but which some deputies fear could prompt civil unrest.

Prime Minister Sherif Zeid Ben Shaker overcame opposition from both right- and left-wingers to the austerity plan which will enable Jordan to reschedule $7bn of foreign debt and win fresh loans. Forty-five deputies approved the budget in the 80-seat parliament, giving the economic programme an expected narrow passage.

The seven-year, IMF-approved plan will cut the budget deficit in 1992 to JD107m (US$157m) from JD351m and foresees 3 per cent growth in gross domestic product compared with growth of just 1 per cent last year.

The government has disclosed no specific plans for how it will implement the austerity drive, nor any timetable for the budget cuts, but economists believe that it will have to reduce subsidies on bread and other staple foods by a total of JD20m from this year's JD60m and raise prices for gas, water and electricity.

Jordan's economy has been plagued with problems since the Gulf war.

The country has been hit by sanctions against Iraq, its biggest trading partner, while the return of 300,000 Palestinians from Kuwait and other Gulf countries has meant a loss of remittance income.

Jordan's leanings towards Iraq during the conflict have also led to an end of aid from Saudi Arabia and other Gulf countries.

The 10 per cent rise in Jordan's population through the return of Palestinians has taken unemployment up to 20 per cent, according to official figures.

However, economists warn that the government will find the real difficulties of the reform plan emerging when the budget cuts have to be implemented.

The government is aware that the last official attempts to implement IMF-backed policies, in April 1989, triggered anti-government riots which toppled Mr Zeid Rifai from the premiership.

The riots, sparked by rises in prices for fuel and other government-subsidised goods, were the catalyst for the country's first general elections since 1968.

Two years after the elections, the government's moves to ease curbs on political freedoms and the press have helped to contain opposition to the new austerity measures.

It seems that the government has been able to avert a political crisis over the plan, particularly as the Moslem Brotherhood party has implicitly dropped its demands for the IMF agreement to be annulled.

France pledges closer ties to Algeria after FIS win

By Our Foreign Staff

FRANCE said yesterday it was committed to strengthening ties with Algeria following the resounding victory of the *Islamic Salvation Front (FIS)* in the first round of the country's general election.

The Foreign Ministry, giving France's first official reaction to the FIS victory, said ties binding Paris to its former colony were "too strong not to be maintained", adding: "France will remain committed to strengthening its relations with Algeria."

France, which retains important economic and cultural links with the possession it relinquished in 1962 after a war of independence, initially kept silent as results showed the fundamentalist FIS taking 188 seats in Thursday's ballot, just 28 seats short of an absolute majority. The leading lay opposition party, the Front des Forces Socialistes, won 25 seats and the Front de Libération National, which held a monopoly of power for 29 years, 15 seats.

A second round of voting will be held on January 16.

The French media have already expressed dismay at the outcome of the poll. The right-wing Le Figaro newspaper said the result was a "victory for despair" which would snuff out democracy in Algeria before it got off the ground, while Le Monde foresaw huge problems for the country.

French politicians fear a rise in fundamentalism in North Africa could unleash a flood of new immigrants to France, where public intolerance of foreigners is growing.

Guards seal hotel after Baghdad blast

A car bomb exploded in the car park of the Ishtar Sheraton hotel in central Baghdad yesterday, injuring a woman and destroying 10 other cars, the official Iraqi news agency said, Reuter reports from Baghdad.

"There was a huge bang. I saw three or four cars on fire but there may have been as many as 10," a witness said. There was no immediate explanation for the blast.

After the explosion guards stopped and searched cars approaching other hotels, for the first time in months.

A witness said other people saw two ambulances outside the Ishtar Sheraton hotel carry away at least five people.

Guards sealed off the hotel, which lies across the street from the Palestine hotel, where United Nations staff stay.

A UN source said he had been told a UN car was among those caught in the fire.

Three hours after the explosion, chunks of burned and twisted metal lay on the street up to 100 metres away.

● Two US businessmen are being held in a Baghdad jail on charges of illegally entering Iraqi territory, State Department spokesman Richard Boucher said yesterday, Reuter reports from Washington.

The two businessmen were arrested on December 6 but the US was not informed until December 25.

Iraqi authorities said the two men would be tried on charges of illegal arrival and penetration of Iraqi territory, Mr Boucher said.

Somali truce set to begin

A CEASEFIRE between Somali clan factions was set to begin yesterday in the capital Mogadishu after six weeks of fighting, relief officials said, Reuter reports from Nairobi.

Several truce declarations between rival warlords Mohamed Farah Aideed and Ali Mahdi Mohamed have already been broken as gun battles and mortar bombardments continued over the past few days, the Nairobi-based officials said.

But United Nations staff who visited Mogadishu at the weekend said they hoped fighting would stop ahead of a visit to the city on Friday by special UN emissary Mr James Jonah.

Mr Jonah is due to meet Mr Aideed and Mr Ali Mahdi, whose power struggle has killed and wounded 20,000 people since November 17, to discuss revival of relief operations disrupted by the fighting.

"For 44 days the fighting has left Mogadishu without food," a UN official said. About 100,000 civilians are estimated to have fled the city.

About 8,000 tonnes of relief food has been stranded for two months in Mogadishu's docks on the Indian Ocean. A faction in control of the area has refused to release it.

"Food is a kind of power," an aid worker added. "They are literally fighting over it."

The Horn of Africa nation has been plunged into anarchy since guerrillas ousted dictator Mohamed Siad Barre last January. Food shortages have revived ancient ethnic feuds, which have in turn caused the economy and state institutions to break down.

UN proposals include creation of neutral zones in the city such as hospitals, the port and airport and "peace corridors" to allow food to cross battle lines.

Afghan accord may not end war

TOMORROW marks the formal end of one of the Cold War's major proxy conflicts, but 1992 is unlikely to herald peace in Afghanistan, Reuter reports from Kabul.

With the New Year chimes, Moscow and Washington are pledged to sever the flow of weapons that armed a Marxist government and Moslem guerrillas in 12 years of warfare. Diplomats and officials say some of Kabul's neighbours and the mujahideen's Islamic allies are all too likely to buy up the discarded business of superpower rivalry in Afghanistan's mountains and villages.

The failed August coup in Moscow that precipitated the collapse of the Soviet Union has given war-weary Afghans some respite in the form of the negative symmetry – diplomatic jargon for the cut-off of the two main arms flows.

In September, Moscow and Washington reached the accord sought in vain throughout the 1980s, pledging to halt supplies of arms, ammunition, spare parts and manpower from midnight tomorrow.

The guerrillas' donors in Saudi Arabia and Pakistan have yet to make a firm commitment to halt aid.

Some of Kabul's neighbours may be happy to prop up the government of President Najibullah after he survived the withdrawal of Soviet troops in February 1989 and took a pragmatic line on both the economy and the Islamic faith.

"(Boris) Yeltsin is a populist," an eastern European diplomat has said of Russia's president. "He wants to bring home the Russian prisoners-of-war still held by the mujahideen, but beyond that Afghanistan is of no interest to him."

Former Soviet central Asian republics have reason to fear the collapse of Mr Najibullah's government. They may be unable to stop the spread of fundamentalism within their own borders if Islamic radicals take over Kabul. China might feel obliged to supply weapons to Kabul before that happened.

Iran, which backs two mujahideen groups, might now see more to gain in bargaining with President Najibullah for influence and for enhanced rights for Afghanistan's Shi'ite Moslem minority.

The guerrillas have the means to buy arms through their control of a multi-million-dollar cash crop, the opium poppies that flourish in rural Afghanistan.

The ruling Watan (homeland) Party said Kabul can buy arms as well, if necessary drawing on the national gold reserve, held in New York's Federal Reserve Bank.

"We hope not to have to buy new weapons," party vice-president Mr Farid Mazdak said. "But if we do, we expect to receive help from those who have helped us in the past.

Despite pledges from Washington and Moscow to cut off arms supplies, diplomats in Kabul and Islamabad estimate a stoppage of new arms supplies would take two years to affect the conflict.

The guerrillas have bombarded Afghan cities with surface-to-surface missiles in the past week, including almost 100 on the western city of Herat and at least 60 on Kabul.

They say rockets are aimed at military targets, but the attacks are eroding the mujahideen's natural constituency among Kabul's Moslems. Mr Abdul Wahad, a tailor, emerged from under a table in his shop recently to find the mujahideen rocket he had ducked had killed a woman fetching water and a 14-year-old boy.

"No religion allows the killing of women and children," said Mr Bismallah Yadgar, a bystander, as he stood amid the broken glass and rubble.

Family planning campaign among itinerant population

China keeps tabs on migrants

By Yvonne Preston in Beijing

MILLIONS of itinerant Chinese workers will have to produce a "family planning card" under new regulations designed to halt the soaring birthrate among people constantly on the move across the country.

The itinerant population is officially put at 70m but there could be as many as 110m "blind migrants", as the floating population of rural people totally unattached to any collective is sometimes called.

One-quarter of the total are women of child-bearing age, described by China's family planning minister, Peng Peiyun, as a "hard nut to crack" and a key task facing China's family planning workers.

China Daily reported "rampant childbirth" among the itinerant population, which the birth control card is aimed at controlling. The card will carry detailed information on the holder's marriage, number of children, and birth control measures being used.

Peng said many itinerants had multiple births and their marriage age was frequently under 20. China encourages late marriage as part of its stringent birth control programme.

The growth of the itinerant population is one of the more dramatic changes in China during the last 10 years of economic reform. On any one day 10m people could be on the move, in and out of the 23 cities in the country with a population exceeding 1m.

There are said to be 1.3m blindly migrating people in Beijing. The floating population of Shenzhen, the special economic zone bordering Hong Kong, is at least 1m, most of them people without identity or temporary residence cards. Some acquire forged cards from criminals.

The mass movement of people, which is changing the relationship between state and individual in China, has been made possible with the loosening of state controls over household registration, personal dossiers and food rationing. In 1988 credit tightening aimed at cooling an overheated economy saw much rural industry collapse, throwing millions of rural workers on the scrapheap.

China's post-1979 population mobility is not entirely negative. The millions on the move find jobs outside the sheltered workshop and "iron rice bowl" provision of the state, making their living as pedlars, cobblers, traders and tailors.

INTERVIEW WITH THE CHANCELLOR

'Ingredients for recovery are now in place'

Peter Norman, Economics Correspondent, in a new year interview with Norman Lamont, UK chancellor of the exchequer

There has been a lot of bad news about the economy recently and a great deal of talk that the government should do something about the economy. Shouldn't you be planning to boost the economy in your Budget or even before it with a special programme of measures?

No. I'll be bringing forward my view of the economy and my package of tax measures, if there are any, in the Budget and we will not be doing any thing before then.

There have been various suggestions put forward for stimulating the economy, such as the use of the regulator to lower consumption taxes and so stimulate consumer demand. Some have suggested cutting income taxes, others boosting public spending on infrastructure. Which of these options, would you incline towards?

I can't remotely begin to discuss the Budget, and the Budget is the time at which we would make any decisions about the economy. But my view has been and remains that fiscal policy is set in the medium term and that we don't make structural changes for purely short term reasons.

So your package of measures on December 19 to support the housing market didn't set a new precedent for a more active fiscal policy?

The first part of the package was the private sector acting on its own. The private sector coming together and deciding to do various things that it felt were in its interests to remove the overhang of repossessed properties on the market. That was a purely private sector solution. The government may have been the facilitating agent. But it was a private sector solution to a private sector problem. We added on top of that the measure on stamp duty. But that was aimed specifically at one sector where there was a specific problem of repossessions overhanging the market and it was aimed at a social problem and a particular problem.

You have made bullish noises about the UK economy at various times over the past year. Recovery was "round the corner" in April. You later detected "faint stirrings" in the housing market and "green shoots" in the economy. But since August, the news about the UK economy has been pretty bleak and few people outside your immediate circle of advisers and colleagues seem to have seen any significant improvement. Why should anybody believe that you or the government are competent to run the economy?

In my Budget I predicted that output would stop falling around the middle of the year, as it did. I did predict a very modest recovery in the second half of the year. But since then the economic climate throughout the world has been somewhat worse than expected; growth has slowed markedly in Japan, Germany and France and recovery in the US has been unexpectedly weak. So it is not surprising that output here too may turn out somewhat weaker than expected.

This is disappointing. But that does not mean our policies should have been different. And it is the policies that are important for the long term health of the economy. Governments cannot simply press a button and sit back while the economy rockets off into recovery. And it is absurd to suggest that Governments either can or should determine the level of output from quarter to quarter. Economic developments depend upon millions of separate decisions taken by individual consumers and businesses, not just in Britain but throughout the world. What governments can do and should do, is to make sure the conditions are right for economic growth. That means first and foremost getting inflation down and keeping it down, so that households and businesses have the certainty they need to invest and save. It also means providing a stable framework for macro-economic policy. Finally, over the medium-term it means getting Government off the backs of the private sector - minimising bureaucracy and red tape; controlling Government costs and expenditure and reducing taxes.

It is grotesque to portray me as some sort of blue-eyed optimist. Over the past year, I have hardly made a speech, or given an interview, in which I have not emphasised that conditions are difficult for business and likely to remain so for some time. And while I have been disappointed by some of the economic developments of the last year, so have others, notably Mr Greenspan, and indeed many economic commentators - including the Financial Times correspondents who talked of firm evidence of recovery as long ago as the summer, as did many businessmen.

But equally I hope the prophets of unremitting gloom will bear this point in mind - yes, we must be realistic, but there is a risk of people talking the economy down unnecessarily. I am realistic about the current economic situation but it is also my job to look ahead and it is my view that the policies we have in place will lead to recovery. As I said the other day, all the classic ingredients for recovery are now in place; low inflation, lower interest rates, rising real incomes, and the improved financial position of the personal and corporate sectors. Of course there remain uncertainties. But all these factors underpin my confidence, and that of the vast majority of independent forecasters, that we will see a clear resumption of economic growth over the coming year.

A lot of official optimism about the UK economy seems to be based on the study of past recessions and recoveries.

But aren't we living in exceptional circumstances with:

- **a housing market hungover after the 1980s borrowing binge,**
- **house repossessions and business failures causing wealth destruction that is hostile to recovery,**
- **and ERM membership exposing the UK to deflation from abroad.**

How in these circumstances can Britain return to sufficient growth to reduce unemployment?

Of course history doesn't repeat itself. That is one reason why forecasting is so difficult. I recognise that the weakness in the housing market has made life extremely difficult for many people, and has an effect on the wider economy. That is why on 19 December I announced a substantial package of measures designed to reduce repossessions and encourage activity in the housing market. These measures will help borrowers in difficulty and benefit the wider economy.

There is every reason to believe, as I have predicted, that growth will gather momentum over the coming months. Retail sales are higher than a year ago, and the trend rate of increase of unemployment has slowed substantially. Real incomes are rising. And consumer expenditure will increase as the full impact of lower interest rates feeds through to demand.

I accept continued weakness in the world economy has implications for domestic activity, and inevitably that adds an element of uncertainty to the forecast. But the UK can't isolate itself from world conditions. What is certain is that low inflation is the essential precondition for sustained growth, and hence for a reduction in unemployment.

You rely a lot on survey evidence for your belief that the UK is emerging from recession and that the recovery will gather pace. But there seems to be a gap between what you read into surveys and what businessmen and consumers - the people who actually provide the survey evidence - tell people like us. Haven't you been misled into attaching greater weight to the questions that deal with expectations instead of those concerning what is actually happening in the economy?

You are not the only ones to talk to businessmen and consumers! I do frequently, as do my ministerial colleagues and officials. And I pay careful attention to what they say.

Ashley Ashwood

'It is grotesque to portray me as some sort of blue-eyed optimist'

But the advantage of surveys is that they convey the views and experience not only of large numbers of people, but also of representative samples. Surveys are particularly useful at turning points. But we do not follow them slavishly. They are only one source of information. We also have a mass of official data which, to use your phrase, tells us what is actually happening in the economy, even if a little while after the event. We look at all the relevant information.

Business people seem to be especially disenchanted with the government's economic policies. Does this worry you, given that Britain needs a confident business sector to pull out of recession and prosper internationally?

Naturally businesspeople are concerned with the current weakness of demand. And quite naturally, they do not enjoy the tight policies that are necessary to reduce inflation. But 1 do not think you can conclude from this that they are disenchanted with those policies. Indeed, the CBI has made clear time and time again that they strongly support the broad thrust of the Government's economic policies. The weakness in demand and activity is a temporary phenomenon. The main thing is that British industry is in fundamentally good shape. You don't have to take my word for that. According to the CBI, most of those responsible for running British industry believe there has been a marked and lasting improvement in performance in the 1980s. And most manufacturers believe that their companies are in much better shape to weather the current downturn than was the case a decade ago. The fact that business confidence has risen through 1991, despite difficult trading conditions, is further testimony to this. I cannot imagine confidence surviving the higher spending, higher taxation, higher inflation, the increased burdens on business - the minimum wage and the social chapter - that a Labour government would bring!

There has been a lot of bad news from abroad recently. The US recovery is faltering, Germany's boom has given way to negative growth. What can you do by way of policy to keep Britain on the growth path that you have forecast?

We have now seen very substantial reductions in interest rates in the US. The full effects of that have still to come through. It is clear that Wall Street, for instance, believes that the latest reduction will lead to a significant improvement in the US economy. And equally the reduction in Japanese rates will also help.

Of course, I would have welcomed rather brighter news on recent international economic developments. But the Autumn Statement forecast was in any case based on a cautious assessment of the short-term outlook for the for the world economy. Events since then have perhaps shown that we were right to be cautious.

There is no question of our attempting to fine tune the economy. The Government has learnt the lesson of the 1960s and 1970s that attempts to boost growth by targeting demand, quarter by quarter, lead only to higher inflation. Thus we set policy in a medium-term framework, with the central objective of defeating inflation. And this means we avoid discretionary policy reactions to each new temporary fluctuation affecting the economy.

Before Christmas you had the rise in interest rates in Europe. You have also had falling interest rates in the US and Japan. All this seems to suggest that policy coordination among the Group of Seven countries is practically a deadletter. Is there any significant policy coordination among the G7 to help you in your efforts to achieve growth in the economy?

There is a lot of exchange of information and a lot of discussion of options and I think it is right to say that people in the G7 are aware of what other countries are likely to do. And by and large things don't come as a tremendous surprise. It is also true that within the European Community, there is even more regular contact and regular exchange of views on likely developments in the world economy, and within the ERM it is important for us to know what each member is likely to do. I think there is a consensus that getting inflation down is the precondition for recovery and growth and a feeling that the world has made a lot of progress in that direction. But we are not operating, obviously, the sort of cooperation that existed in the mid and late '80s.

Until a month or so ago, it was possible to portray Britain's membership of the EMS exchange rate mechanism as a success of sorts. True, unemployment had risen by more than three quarters of a million, but inflation had come down, interest rates had been cut and sterling looked fairly robust. More recently, we've seen inflation start to rise again, the pound is groggy and needs Bank of England support and there is speculation that the next move in short-term interest rates will be up rather than down. Has joining the ERM been a dreadful mistake?

We joined the ERM at a time when inflation in the anchor country of the system, Germany, was rising and the German authorities have felt the need to take action to control it. That has obviously made life difficult for us. But we must not forget that it is low inflation that has made Germany into an economic success story. That is why we joined the ERM - to achieve German levels of inflation. And therefore we accept the monetary discipline necessary to achieve just that. Even if it is uncomfortable in the short term, experience throughout the world shows it is the right way to lasting growth and prosperity.

Do you envy the US Treasury secretary Nicholas Brady, whose central bank has reduced the discount rate to 3.5 per cent?

I am a firm believer in our membership of the ERM.

Strains have been growing in the ERM with talk of "one last realignment" before our European partners commit themselves to monetary union. When we asked you a year ago, you rejected the idea of setting sterling's central rate at a lower level than the DM2.95 at which we entered the ERM. In view of the savage UK recession of the past year and evidence that countries like Spain and Italy are losing competitiveness, shouldn't you and your EC Finance Minister colleagues be prepared to think the unthinkable and consider a realignment, with perhaps a downward adjustment of sterling in the context of such a move.

There will be no realignment. There is something profoundly depressing about the way that there was so much enthusiasm in business and in the press about joining the ERM, and yet within a year some of the same people want to deny the disciplines that the ERM entails. Do we or do we not have the courage to stick to the course we have chosen? As far as I'm concerned, the answer is yes.

Some people – not all of them well-intentioned – profess to harbour the illusion that devaluation would enable us to make a substantial reduction in interest rates. That is fool's gold. A realignment might actually lead to higher interest rates, since the markets would have no guarantee that a Government prepared to devalue once would not do so again. No country within the ERM has managed to hold rates significantly below that of the anchor of the system, with or without realignments. And history shows that devaluation is no solution to problems of competitiveness; it increases the inflationary pressures which in the long run erode competitiveness.

What will be sterling's relationship with other European currencies if the core ERM states go ahead with a single currency and the UK is left outside?

First of all, I should point out that the only distinction between the UK and Denmark on the one hand, and the other ten Member States on the other, is that we have retained the right not to move to a single currency if, nearer the time, that is in our best interests. Provided we meet the convergence criteria, there is no question of our being excluded. But if we were to stay out, the presumption is that, in common with other non-participant currencies, sterling would remain linked to the single currency through a system similar to ERM.

Now that Britain has got its opt-out clause, won't the pound be subject to extra fluctuations on the foreign exchange markets as the other EC members move towards Emu?

Our right to let the Parliament of the day make the decision nearer the time on whether to join a single currency is essential. Not just because of the enormous political importance of such a step, but also because it is impossible to judge so far in advance whether it would be in our practical economic interests to join.

In any event, I do not believe the strength of the pound on the foreign exchange markets depends on the prospects for a single currency in 1997 or 1999. In the meantime, we are firmly committed to sterling's membership of the ERM and to policies which bear down on inflation. The strength of this commitment has already established our credibility in the markets, and I am sure we will continue to build on that credibility.

France is prepared to give its central bank independence in stage 2 of Emu; shouldn't the UK do the same?

Decisions on how monetary policy should be managed in France during Stage 2 are obviously a matter for the French authorities. That is an important feature of Stage 2; monetary policy will remain the responsibility of national authorities, and there will be no obligation to change the relationship between governments and national central banks. In the UK, the position is that Ministers are accountable to Parliament for economic policy, including monetary policy, and I have no plans to change the status of the Bank of England in Stage 2. The government and the Bank are in agreement that the right objective for monetary policy is to maintain the pound's position in the ERM to bear down on inflation.

What hope is there for London to be the home for the EMI (and ultimately the ECB) now that Britain has demonstrated less than total enthusiasm for Emu?

The first question to be determined is the site of the EMI, which is due to become operational in Stage 2, at the beginning of 1994. We are full participants in Stage 2 and have equal status with every other member state. So there is no reason why the EMI could not be located in the UK; doubtless that will be the subject of negotiation. In our view, London would be an excellent candidate, given its position as a pre-eminent world financial centre with a dominate role in the ecu markets.

The economic problems of the former Soviet Union have been very much on your mind this year. Things have gone from bad to worse there. In view of the threat that the region poses to global stability, shouldn't Britain and the other industrialised nations do more to help?

The industrialised countries have a major role to play in encouraging and supporting the process of democratisation and moves towards a market economy in the former Soviet Union. The UK, as Chair of the G7 in 1991, has done a tremendous amount to facilitate this transition. We have been instrumental in putting together an international package of emergency food and medical assistance worth over $11bn - a sum which equates roughly to the Soviet Union's food import bill in 1990. We have played a leading role in arguing for a rapid and substantial EC contribution which, following decisions taken at Maastricht, now totals nearly $3bn.

The UK has shown itself willing to supplement this EC effort with well targeted aid of its own to meet specific needs. The £20m of animal fodder which we are providing to St Petersburg will prevent the slaughter of livestock, something which would have severely hampered the region's future efforts to feed itself. We are now taking every step possible to ensure that this assistance reaches those most in need this winter.

We led discussions with the Union and the Republics which culminated in agreement to a temporary deferral in repaying debt principal worth $7bn in total. And we have continued to commit substantial technical assistance both through the European Community (£280m in 1991 and probably a similar sum in 1992) and through our own Know How Fund, which this year we more than doubled in size. One of the most important ways in which we can help here is through assisting with training Soviet personnel in the workings of the modern financial world. I have written to over a hundred City institutions to encourage them to examine the scope for employing at least one person from the former Soviet Union. But outsiders cannot determine the outcome of events. The crucial decisions lie with the peoples of the former Soviet Union themselves.

The disease at the root of their economic problems is the dreadful economic climate resulting from decades of domestic mismanagement. This cannot be cured by large scale financial assistance from abroad. It is essential for the republics to establish workable arrangements for fiscal and monetary control, and to move as rapidly as possible to a market economy based on private ownership. I have been encouraged by some of the Russian republic's reform plans. They, like other republics, must now work rapidly to implement comprehensive and ambitious reforms, in the closest possible consultation with the IMF and as full members of that institution when that is possible. If, in those circumstances, there was to be a further need for international support, we will stand ready to play our part.

BRITAIN IN BRIEF

CBI warns recovery will be 'hard slog'

Recovery from the recession will be a hard slog for most of next year, Sir Brian Corby, the CBI's president warns in a New Year message to members issued today.

His warning comes after Mr Peter Morgan, director general of the Institute of Directors warned yesterday that full recovery was unlikely before 1993.

Sir Brian told the CBI's members that whether next year would be significantly better than the past year would depend on the state of business confidence. He called for the downturn in manufacturing investment to be reversed and highlighted the strength of exports particularly to the rest of Europe, the fall in inflation, the low level of industrial disputes and the benefits which should flow from British investment in the EC over the past five years.

Mr Morgan echoed calls for a realignment of sterling within the European exchange rate mechanism to allow UK interest rates to be cut without putting the pound under further pressure. He said: "At the very least business must be convinced that the next movement in interest rates will be downwards."

There were already signs that business activity was increasing but progress next year would be slow, he warned.

Honours for ex-hostages

British hostages held until this year in Lebanon, and leading industrialists, including Mr John Banham, the director general of the Confederation of British Industry, receive tributes in today's new year honours.

Mr Brian Keenan, Mr Jackie Mann, Mr John McCarthy, and Mr Terry Waite, all become Commanders of the Order of the British Empire (CBE) "for courage and fortitude while held hostage in Lebanon".

Mr John Banham, director general of the CBI since 1987, is knighted. He has been the main force behind the CBI's controversial national manufacturing council, raising the confederation's profile in lobbying on behalf of manufacturing industry.

In sport, Colin Cowdrey, chairman of the international cricket council who helped bring South Africa back into

John Banham

international cricket, is knighted. William Carling and Gary Lineker, captains of the English rugby and football teams respectively, become Officers of the Order of the British Empire (OBEs). In the media, Mr Michael Checkland, director-general of the BBC is knighted.

Banks braced for losses

Clearing banks are bracing themselves for large losses on their credit card and cash card business in the wake of the banking code for personal customers introduced earlier this months. The code shifted responsibility for disputed transactions on lost or stolen cards from the customer to the banks in what the clearers believe is a substantial concession to consumers' groups.

The change means that if transactions have been made on a lost card, banks may now have to pay unless they can prove serious negligence or fraud by the customer. The British Bankers Association says that banks do not yet know how much they will have to pay, and that some banks fear that if losses on cash cards start to accelerate, they may be forced to take measures to protect themselves.

Rise in BT complaints

Complaints about telephone services rose sharply in the first half of the year to average about 12,000 a quarter, compared with about 9,000 a quarter in 1990, according to an official report published yesterday.

The report by Oftel, the telecommunications industry regulator said much of the rise was due to the way BT, the main telecommunications operator, introduced changes to rates of VAT charged on its bills.

The Oftel study shows that while satisfaction with BT's quality of service remains high, there is growing consumer disenchantment with the value for money of the service and the company's policy on the deposits it charges before installing a telephone. Sir Bryan Carsberg, Oftel's director general outlined a wide range of initiatives he was undertaking to improve quality of service ranging from an independent survey of the quality of mobile cellular services, restraints on unsolicited telephone sales, measures to promote competition in the provision of directory information and improvements to the 999 emergency call service.

Farmers get 'EC grants'

Labour has revealed that 70 British farmers are receiving more than £30,000 annually from European Community grants to leave land fallow, with seven receiving more than £70,000. Mr David Clark, shadow farm minister, said the set-aside programme was another "insane" aspect of the common agricultural policy, with some farmers earning double incomes by using the land for other commercial ventures such as golf courses or riding stables.

Television ad ban to end

A two-month ban on British television advertising the vegetable fats spread named I Can't Believe It's Not Butter! has been lifted. The spread is produced by Van den Bergh and Jurgens, the edible fats branch of Unilever. The Independent Television Commission barred the company's original advertisement in October. This followed a trading standards office ruling that the product's name might infringe a European Community regulation forbidding advertising or packaging that suggests that non-dairy products have a dairy content.

House prices may rise

House prices are expected to rise in line with an overall inflation rate of about 4 per cent in 1992, according to Halifax Building Society, Britain's biggest mortgage lender.

Lingering effects of recession, rising unemployment and house repossessions would mean "small" price increases in 1992, Halifax said yesterday. Prices would only start to rise in real terms from 1993 as economic recovery increased and unemployment stabilised.

Halifax said in its review of the year that about 1.3m houses were sold in 1991 – 5 per cent drop down on the previous year and almost 40 per cent below the peak year of 1988.

Labour to overturn cuts

Labour yesterday gave an unequivocal commitment to overturn any income tax cuts the Tories might introduce in a pre-general election budget, in a calculated decision to tackle the tax issue well in advance of polling day.

Proposing fiscal incentives for industrial investment and a mild relaxation of public expenditure as alternative policies, Mr John Smith, shadow chancellor, said in an interview with BBC radio that personal tax cuts would not be enough to "kick-start" the economy.

His stance was immediately backed by Mr Neil Kinnock, Labour leader, who used new year interviews to ask whether the Conservatives were "daft or desperate" enough to take £1.5bn – the cost of a 1p cut in the standard rate – from public expenditure to try to win the election. "If they did take a penny off the tax we will put it back on," Mr Kinnock told the BBC last night. "We will put it back on because the National Health Service, the education system, [and] basic public services desperately need all the resources they can get and certainly cannot take a loss of £1.5bn." Party officials confirmed last night that the issue had provoked controversy.

SIB wins High Court order

The Securities and Investment Board has won a High Court order for a Midlands investment company that had been trading illegally to pay £3m into court to compensate 280 investors who may have lost as much as £5m.

Mr Justice Harman ordered Mr Terence Gibson, described as the controller of Securebound (Holdings), to make the payment and prohibited him from conducting unauthorised investment business and from making misleading statements. Securebound (Holdings), which was wound up in November, sold unit trusts and other collective investments. It had never been authorised to conduct investment business. Mr Gibson is understood to have attracted customers by offering very high rates of return. The ruling followed an application by SIB.

Bill Coleman, talented amateur photographer and investment banker with an environmental focus.

Bill Coleman believes the environment is a sound investment.

Bill Coleman is not an ecologist, he's a banker.

He looks at the world's growing preoccupation with environmental issues from a different perspective. One which has begun to influence the advice he gives investment clients at James Capel & Co. in London.

"There can be no doubt about the scale of opportunity for companies which can help bridge the gap between the demand for energy and the realities of protecting our environment", says Coleman.

"We are seeing the emergence of a new business sector spanning a range of energy and environmentally-related technologies that is going to rank alongside such things as microelectronics, telecommunications and genetic technology in importance.

"Nature's energy resources are undervalued assets in more ways than one."

Electrical engineering will be a key technology in the twenty-first century. The facts are simple. By the year 2000, the world's energy demands will have increased by 30%. There will be one billion new consumers whose needs must be met whilst the effects on our environment must be minimized.

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Wars and rumours of wars: the year of . . .

19 IN REVIEW

A message from the chairman: I am happy to inform readers that the time has come to wind up 1991 PLC. It would be wrong, however, to do so without presenting a balance sheet – and a highly qualified account – of an eventful year. I wish you all the best for 1992 and suggest that your dividends – and your interest – may be increased with a daily share in the Financial Times

THE MOTHER OF ALL LATE SHOWS: A 100-hour televised display of American power in the Gulf, international solidarity and the best of McDonnell Douglas. But behind the jargon there were casualties: tens of thousands of Iraqis, 582 US, British and other allied personnel and early hopes of a New World Order.

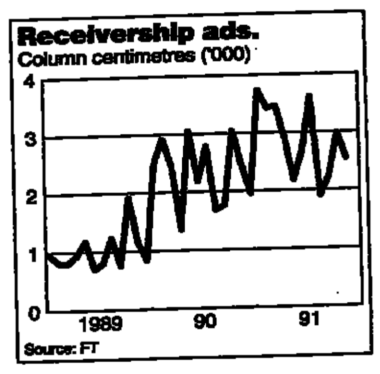
Designed by: Andrew Chappin
Graphics by: Jo Russ

A GOOD YEAR FOR
James Baker, CNN, Norman Schwarzkopf, Colin Powell, Boris Yeltsin, Lord Hollick, Michael Green, Tessa, Carl Bildt, Martin Lee, privatised utilities' bosses' pay, charters, Giandomenico Picco, Hanan Ashrawi, Bart Simpson, Patriot missiles, London Monarchs, Kathleen O'Donovan, Bill Morris, Helmut Schlesinger, Sunday trading, Judge Clarence Thomas.

. . . BUT NOT FOR
British Rail, UK house prices, Rolls-Royce (aero engines), Rolls-Royce (cars), Kleinwort Benson, UK bank managers, any Norwegian banker, Lloyd's Names, Clark Clifford, Kenneth Baker, Tim Bell, Fernando Collor, Mobutu Seso Seko, Fidel Castro, Donald Trump, Francois Mitterrand, Asil Nadir, Alan Bond, Militant, the Vesteys, Nazmu Virani, Scud missiles, Abta, federalism, the Quorn hunt, smoked salmon, Sir Alan Greene, Scandinavian currencies, British Justice, expense accounts.

"There are good reasons to expect that the recovery will begin around the middle of the year . . ."
March 19

"It was the wrong kind of snow"
British Rail spokesman



"Recovery. . . is around the corner . . ."
April 29

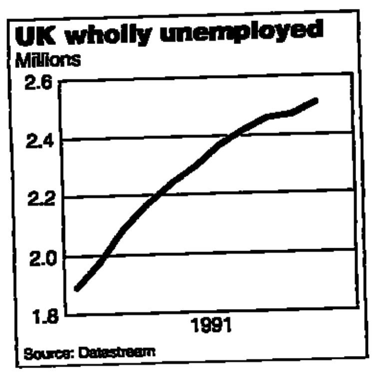
The Japanese are "yellow dwarfs" who "sit up all night thinking of ways to screw us". "They work like ants". "One in four Englishmen is gay". The stock-market is "not worth a toss"
Edith Cresson, Prime Minister of France

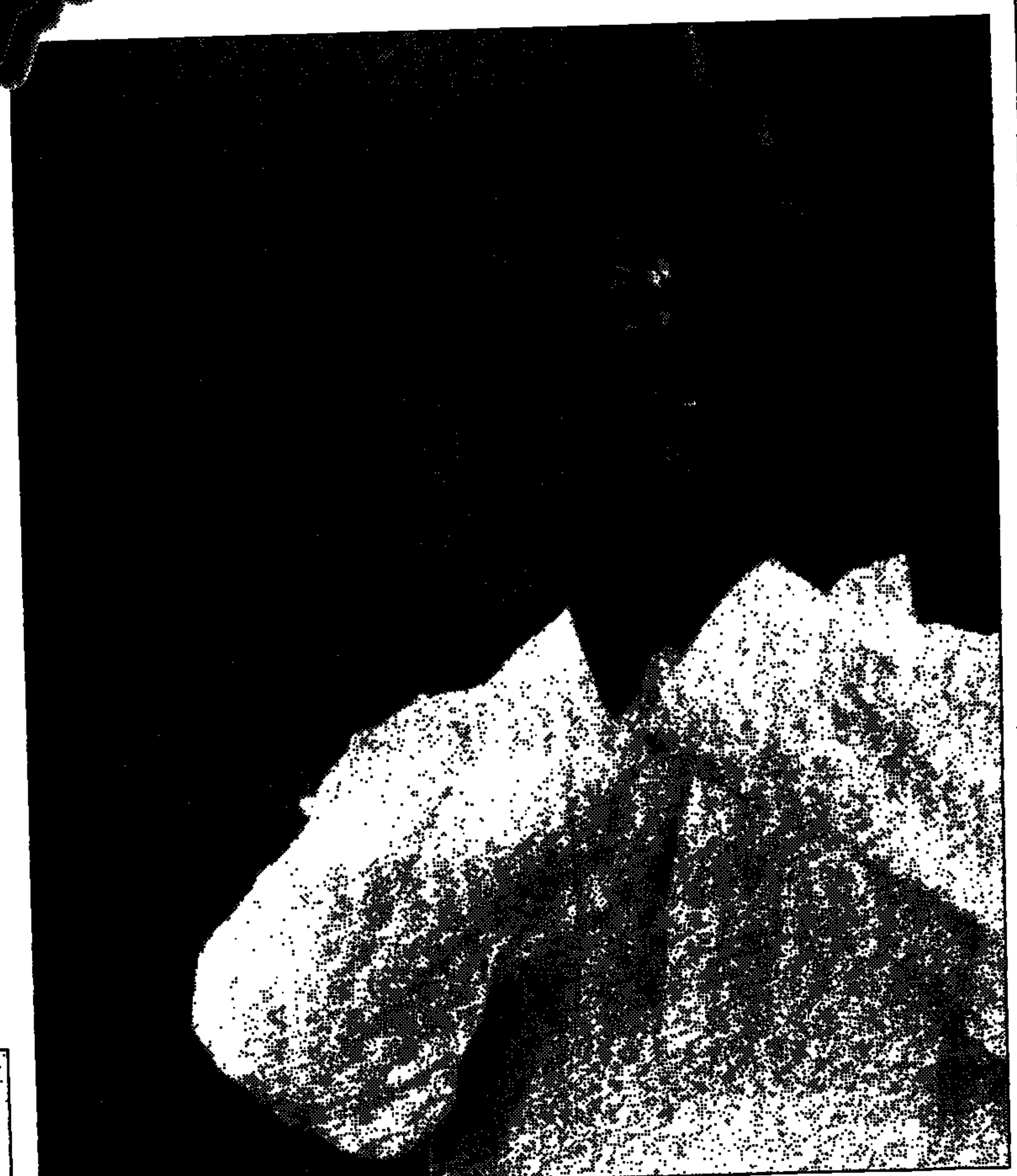
SAY HELLO (AGAIN) TO
St Petersburg, Sir Lawrie Barratt, Lord Carrington, Carlo De Benedetti, the Beirut hostages, protesting students, the Thunderbirds, Hauptstadt Berlin, Ushers brewery, Peter Laister, Robert Gates, Guildford Four, Birmingham Six, Winston Silcott, Elizabeth Taylor.

HELLO AND GOODBYE
Maastricht, Kevin and Ian Maxwell, Shevardnadze, Kincardine and Deeside.

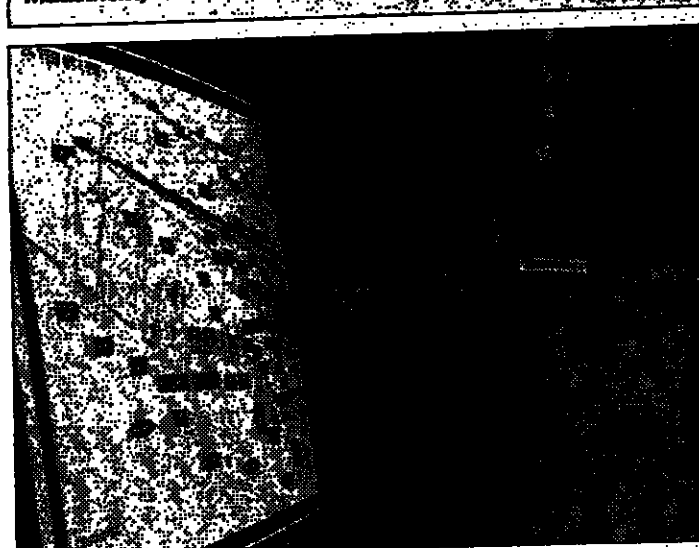
DARLING BUDS WHICH MAY BE FORGOTTEN NEXT YEAR
The Chippendales, William Kennedy Smith, Essex girls, Freddie the dolphin.

YESTERDAY'S HEROES
Gazza, the Kurds, Mikhail Gorbachev.





DYNASTY: Rajiv Gandhi's assassination appeared to bring family politics in India to an end. Within hours Congress Party bosses tried to draft his widow Sonia, a plumber's daughter from a small town in northern Italy, as figurehead leader in a desperate attempt to save the Nehru-Gandhi dynasty. She refused. They may try again.



NEXT TARGET? "Seven months ago, I could give a single command and 541,000 people would immediately obey it. Today I can't get a plumber to come to my house" – Norman Schwarzkopf. The man they called Stormin' Norman says "Right now I'm enjoying time with my family" but he may soon be running for the Senate or something higher

"We can already discern some of the forces that will lead to recovery"
February 13

A CLOSE CALL: The FT-SE 100 index bounced back after the year-end gloom of 1990 to ride the crest of a fairly short wave of optimism after the rapid end of the Gulf war. By mid-1991, however, hopes for an equally rapid stimulus to world economies proved unfounded. At least the London market can congratulate itself on resisting siren calls of a UK economic recovery which was almost, but never quite, round the corner.

1991 LOW: January 16 2054.8

INITIALS TO LEARN
EEA
EU
EPU
EMU
ECU

INITIALS TO FORGET
USSR

UNDER NEW OWNERSHIP:
The Kremlin, Daks Simpson, Hawker Siddeley, Blue Bird confectionery, Bristow Helicopters, Vukovar, Keith Prowse, Harvey Nichols, port of Felixstowe, NCR, Max Factor, Davy, most of East German industry, NY Daily News, Aspro, Rennie, Pretty Polly, Chelsea Man, SD-Scicon, Fairfax newspapers, Dormobile, Telfos, Pizzaland, Yale & Valor, Ultramar, half the world's nuclear arsenal.

ENDANGERED SPECIES:
London Zoo, pit bulls, Teenage Mutant Ninja Turtles, Tamil Tigers.

EXTINCT:
Bob Hawke

SAY GOOD BYE:
To Pan Am! Also to Air Europe, Eastern Airlines, Yugoslavia, the Soviet Union, Town & Country, Youngs dress hire, Terry Wogan, Lewis's, Dallas Times Herald, Edington, Knobs and Knockers, Westerly Yachts, Sir Roland Smith, Clark AFB, Trusthouse, Karl-Otto Pöhl, Southdown building society, Intasun, Club 18-30, Marxism Today, Hickie Borman, Bank of New England, George and Jean Walker, Thames, TV AM, TVS, TSW.

The year the Soviet Union ended but the recession didn't

● **January**
The US was in recession. Alan Greenspan, chairman of the Federal Reserve Board called it a meaningful down-turn. The greatest fire-power since the Second World War assembled in the Gulf waiting to attack Saddam. Shares crashed in Tokyo. Oil prices surged to $30 then $40 a barrel. Mikhail Gorbachev threatened to resign as president of the Soviet Union and was granted new powers instead. Soviet troops fired at Lithuanians. Salman Rushdie announced his conversion to Islam but the *fatwa* against him remained. The deadline for Iraqi forces to leave Kuwait passed and allied bombers flew against Baghdad. CNN saw it all from a hotel bedroom window and told the world. A Scud missile hit Tel Aviv and killed three people. The CBI said 90,000 more UK manufacturing jobs would go. John Major said there would be no general election before the autumn. Tesco launched a £572m rights issue. Asil Nadir's desk fetched £40,000 at auction but nobody wanted his bakelite turtles.

● **February**
Schwarzkopf, Scud and Patriot became household names. The IRA launched a mortar attack on 10 Downing Street. One bomb hit a cherry tree and the cabinet went downstairs. The UK government launched National Power and PowerGen. The Czechoslovakian government put its Semtex explosives factory up for sale. An IRA bomb exploded in the rush hour at Victoria station and a commuter died. A train crashed at Cannon Street station, killing two passengers. Siberian weather disrupted trains. BR blamed the wrong type of snow. Iraqi victims of allied bombing raids were shown on television. The UK bank base rate dropped by half a percentage point. Allied tanks rolled into Iraq and Kuwait. Saddam's guns were mostly pointing out to sea. Kuwait was liberated. Fleeing Iraqis were mercilessly bombed at the Muckla Ridge. Shares soared. Western leaders said Saddam would be toppled by his own people. President de Klerk of South Africa announced the ending of apartheid laws. Winnie Mandela went on trial for kidnapping and assault. Thailand had (another) coup. The Uruguay round talks were back on track (again). Albanians were allowed to own cars for the first time.

● **March**
Robert Maxwell sold Pergamon for £440m and bought New York's Daily News. Coats Viyella bid for Tootal. The government said the poll tax would make way for a new local tax. British Airways announced it was giving away 50,000 airline tickets. Thousands of holidaymakers with Intasun and Air Europe were grounded when International Leisure Group, the parent, called in administrators. Midland Bank halved its dividend. Sir Kit McMahon said he would resign as chairman. Allied-Lyons lost £147m on currency transactions. Bass launched a £558m rights issue. Saatchis got a shot in the arm. The Birmingham Six were freed and the Queen was bitten by one of her corgis. The Indian prime minister resigned. Norman Lamont raised VAT to 17.5 per cent to finance a £140 a head cut in poll tax. Wandsworth residents were excused the poll tax.

● **April**
UK base rates came down to 12 per cent. Unemployment topped 2m. Roger Cooper, the British businessman held for five years in Iran, was freed. He said it was not as bad as you think. John Major said Britain was recovering from its economic problems. He thought of safe havens for the Iraqi Kurds before anybody else and remembered that he passed six O-levels. Boris Yeltsin, president of the Russian Federation, was granted increased powers. Poles invaded Germany in their thousands when the Germans gave them visa-free travel. Brewers bid: Boddington for Devenish. Albanians were allowed to open shops and Marks and Spencer announced 850 redundancies. Graham Greene died. More than 100,000 died when a cyclone hit Bangladesh. Gerald Ratner made a remark he was to regret. The European bank for Reconstruction and Development was sited in London. Donald Trump was in trouble with the banks. Georgians voted for independence and the Pope appointed a bishop to Moscow.

● **May**
Lord Hanson said his company had bought 20m shares in ICI as "an investment". He later said he was interested in a merger; ICI wasn't. British Telecom made record profits of more than £3bn. Robin Leigh-Pemberton, governor of the Bank of England, got a 17 per cent pay rise but gave the gardeners on his estate a 6 per cent increase. Mick Newmarch of the Pru got 43 per cent. Lord Tombs, chairman of Rolls-Royce, took a 10 per cent pay cut. Rajiv Gandhi, the leader of India's Congress Party was assassinated. A Lauda Air Boeing 767 exploded over Thailand killing all 233 on board. Violence between Serbs and Croats left 17 dead in Yugoslavia. Addis Ababa fell to the rebels. George Walker was ousted as chief executive of the Brent Walker leisure group and Winnie Mandela was sentenced to six years' jail. She was free pending an appeal. Tottenham Hotspur agreed to sell Paul Gascoigne to Lazio, the Italian club for £8.5m, providing he proved medically fit. Britain banned the import of pit bull terriers. Bad weather boosted British Gas profits. Soviet citizens were given the right to travel abroad. Helen Sharman became the first Briton in space.

● **June**
England beat the West Indies at cricket in a home match for the first time since 1969. Car sales were down 31 per cent on 1990. GDP figures showed the UK economy shrank by 0.8 per cent in the first quarter. Boris Yeltsin was voted president of Russia. Leningrad became St Petersburg again. The Racal twins were split. Zviad Gamsakhurdia was voted president of Georgia. Alan Sugar and Terry Venables secured control of Tottenham Hotspur. John Baker, chief executive of National Power, had a 58 per cent pay rise; Robert Evans, chairman of British Gas, got 66 per cent; John Major said it wasn't right. Lord King had his pay reduced by £100,000. Mount Pinatubo in the Philippines erupted, killing more than 350 people. Croatia and Slovenia declared independence. Yugoslav tanks moved on Slovenia. P V Narasimha Rao became prime minister of India. Lloyd's Names faced heavy losses.

JANUARY FEBRUARY MARCH APRIL MAY JUNE

هكذا من الأصل

. . . Maastricht, Maxwell and Minsk

1991 HIGH:
September 2
2679.6

"Growth in the UK should resume in the second half of the year . . ."

July 8

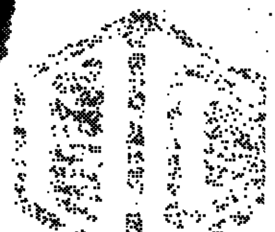
"... the new Soviet leaders"

François Mitterrand early on in the failed coup

GOING, GOING . . .
Poll tax.

GONE
Easy answers.

Double take



WORLD CLOSURE: The laundering bank that tumbled

BACK HOME
Thomas Bata, Imelda Marcos, Vietnamese boat people, Prince Sihanouk, the Khmer Rouge, Agha Hasan Abedi.

NOWHERE TO RUN
Erich Honecker, Vietnamese boat people, Carlos the Jackal.

DOGS THAT DIDN'T BARK
Bank of England, Hanson, Philip Morris, Mario Cuomo, Euro sceptics, auditors.

LIVE TO FIGHT ANOTHER DAY
Robin Leigh-Pemberton, Charles Haughey, Saddam Hussein, Will Carling, Dan-Air, Invergordon Distillers, Molins, Arthur Scargill, ICI.

"The green shoots of economic spring are appearing once again"

October 9

"I am still looking to recovery gathering momentum next year"

December 20

NOT OVER YET: The Yugoslav conflict which began in the summer has seen the biggest enforced movement of population in Europe since World War II. An estimated 20,000 people have died of whom about 5,000 alone perished in the battle for the eastern Croatian town of Vukovar.

"I should say that Mikhail Sergeyevich Gorbachev is now on vacation. He is undergoing treatment in the south of our country. He is very tired after all these years, and he will need some time to get better"

Gennady Yanayev, leader of the failed Soviet coup

FIRST SWALLOWS: The release of all but two of the Beirut hostages was part of a complicated process which seemed to offer the first, realistic hope of peace in the Middle East for more than a decade. The delegations have barely agreed on the shape of the table but at least they're still talking.

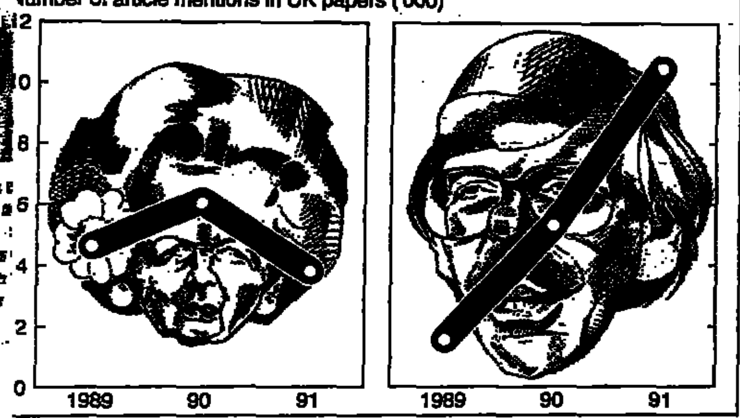
"We have encountered problems with unexpectedly dense falls of wet leaves"

British Rail spokesman

"We also do cut-glass sherry decanters complete with six glasses on a silver-plated tray - that your butler can serve you drinks on - all for £4.95. People say, how can you sell this for such a low price? I say, because it is total crap"

Gerald Ratner

Name dropping...
Number of article mentions in UK papers ('000)



ON THE BUTTON: Boris Yelstin's gutsy performance in support of Mikhail Gorbachev during the failed August coup propelled him to the top of the new Commonwealth of Independent States which replaced the Soviet Union on Christmas Day. His finger is now on the nuclear button, but for how long?

GORBACHEV: resigned to his dacha and two cars

NEW FLOTATIONS

Countries	Capitals	Currencies	Leaders
Croatia	Zagreb	Dinar	Franjo Tudjman
Slovenia	Ljubljana	Tolar	Milan Kucan
Macedonia	Skopje	Dinar	Kiro Gligorov
Ukraine	Kiev	Hryvnia	Leonid Cravchuk
Latvia	Riga	Latt	Anatolijs Gorbonovs
Estonia	Tallinn	Kroon	Arnold Ruutel
Lithuania	Vilnius	Litas	Vytautus Landsbergis
Georgia	Tbilisi	Rouble	Zviad Gamsakhurdia
Russia	Moscow	"	Boris Yeltsin
Belorussia	Minsk	"	Stanislav Shushkevich
Armenia	Yerevan	"	Levon Ter-Petrosian
Azerbaijan	Baku	"	Ayuz Mutalibov
Kirghizia	Frunze	"	Askar Akayev
Kazakhstan	Alma Ata	"	Nursultan Nazerbayev
Turkmenistan	Ashkhabad	"	Saparmurad Niyazov
Tajikistan	Dushanbe	"	Rakhmon Nabiyev
Uzbekistan	Tashkent	"	Islam Karimov
Moldavia	Kishinev	"	Mircea Snegur

THE JURY'S STILL OUT
The dollar, George Bush, Alan Jackson, Neil Kinnock, John Major, Guinness, Blue Arrow, Barlow Clowes, the New World Order.

WAKE ME WHEN IT'S OVER:
Discussion of the f-word, the dispute between the Fayeds and Lonrho, The Uruguay Round.

● **July**
The Bank of England called it Sandstorm. Everyone else knew it as BCCI and it was shut down after the discovery of a $20bn fraud. Lord Bingham was appointed to find out why BCCI got away with it for so long. Tokai Bank in Japan found a Y63bn fraud and *the Tokyo stock market* found the scandals hard to stomach. South Africa was re-admitted to Test cricket and the Olympic games. John Major launched his citizen's charter promising choice and quality in the public services. High Street sales rose by 1.5 per cent but it proved a false *dawn*. Tom King announced plans to merge 22 regiments amid much gunfire but few casualties. Pavarotti sang in Hyde Park and it rained. Chemical and Manufacturers Hanover announced *the biggest* US banking merger. England's Football Association was given court approval to start a Premier League. The ANC elected Nelson Mandela as its leader. Robert Maxwell decided to demerge Maxwell Communications and float its US interests. *National Home* Loans was up for sale. The G7 summit agreed to help Gorbachev.

● **August**
John McCarthy was freed after more than five years held hostage in Beirut. "It's been a very, very long time," he said. The world breathed in when an eight-man junta relieved President Gorbachev of his duties "due to ill health". Yeltsin stood on a tank, said he was in charge, and the coup was overturned. Gorbachev returned and the bells of independence rang out in the Baltic states. President Bush said the world was a safer place. *The KGB was formally* disbanded. Albanian refugees fled to Italy. The Tamil Tigers suffered a heavy defeat in Sri Lanka, Soichiro Honda died. In the UK inflation was down to 5.5 per cent and the Bank of England thought the recession had bottomed out. John Gutfreund, the King of Wall Street, left Salomon Brothers with no tears but with a damaged reputation after a Treasury bond auction scandal.

● ***September***
Goldman Sachs replaced Salomon as the UK government's US adviser on the BT flotation. The FT-SE 100 closed at an all-time high of 2679.6. Lord Hanson bid for Beazer. The Tory press urged a November general election. Riots broke out when police tried to stop joy-riding on Tyneside housing estates. Jackie Mann, another Beirut hostage, was released. Britain's *jobless total hit 2.4m, the highest for three* years. Rolls-Royce cars were driven into the red. Keith Prowse, the world's oldest ticket agency, closed briefly with £15m in debts before it was sold to Wembley. President Bush announced cuts in the US nuclear arsenal. Fidel Castro was forced to *ration* Cuban *cigars*. Lord Carrington secured the first of many ceasefires in Croatia. Robert Maxwell sued the BBC's Panorama which alleged he doctored the Daily Mirror's spot-the-ball competition. Sweden ditched decades of social engineering for a rightwing government. Mr Leigh-Pemberton said he was confident Britain was coming out of recession. Interest rates in the UK came down to 10.5 per cent.

● **October**
Asil Nadir, chairman of Polly Peck International, was charged with 58 counts of theft worth £130m. *A day later he faced* £1bn of writs from Polly Peck administrators. Sir Allan Green, director of public prosecutions, resigned after police saw him talking to two prostitutes near London's Kings Cross station. One Lloyd's underwriter was *blamed for causing losses* of £260m to a syndicate. Lord Weinstock flirted with British Aerospace. Elizabeth Taylor married for the eighth time, this time to a construction worker. The Yugoslav army cut off Dubrovnik. More ceasefires were agreed and broken. UK inflation fell to 4.1 per cent. Coutts, the Queen's bankers, sacked 170 staff. Eurotunnel and TML, the channel tunnel construction consortium, bickered over costs. A *relief* convoy *went to the besieged* Croatian town of Vukovar but had to turn back. Prof Sir Roland Smith resigned as chairman of British Aerospace after a boardroom struggle. Four television companies – Thames, TVS, TSW and TV-am – lost their broadcasting franchises and Wales was knocked out of the rugby World Cup by Western Samoa.

● **November**
Palestinians and Israelis faced each other for the first time in Madrid. The Woolwich rescued Town and Country building society. The first payment for the next sale of BT shares was set at 110p. Town and County, royal caterers, went bust. Prince *Sihanouk went back to Cambodia* and Imelda Marcos returned from exile to Manila with just a few of her favourite shoes. Robert Maxwell died at sea near the Canary Islands. Shares in MCC and Mirror Group newspapers were suspended. Maxwell was buried on the Mount of Olives in Jerusalem. Vukovar fell to the Yugoslav army after an 86-day siege. Church bells rang over England when Terry Waite, the Archbishop of Canterbury's envoy, was released. *Three big stores said they would* trade on Sunday. Asil Nadir was declared bankrupt and Eduard Shevardnadze was (briefly) reappointed Soviet foreign minister.

● **December**
The year ended almost as it began with the IRA disrupting train services in London, this time with incendiary devices. Ukraine voted for independence. Pan Am ceased *operations and shares in MCC were* suspended on the London Stock Exchange. Kevin and Ian Maxwell gave up executive control of the family empire amid a growing scandal. Terry Anderson, the last American hostage in Beirut, was freed. The *Bundesbank raised the Lombard* rate and Europe shuddered. Sterling bounced along the bottom of the ERM. The government temporarily abolished stamp duty to curb home repossessions. The Serious Fraud Office launched an investigation into Maxwell's missing millions. Bugging devices were found in MCC's offices. Paul Keating defeated Bob Hawke to become Australian prime minister. The British learned a new word Maastricht, and while the *European* partners agreed treaties on political and economic union John Major secured an opt-out clause on a single currency and the removal of the social chapter. More ceasefires were broken in Yugoslavia. Yeltsin took over the Kremlin as the Hammer and Sickle was lowered over Red Square and Mikhail Gorbachev resigned. The new Commonwealth of Independent States was born. The Soviet Union died, aged 74.

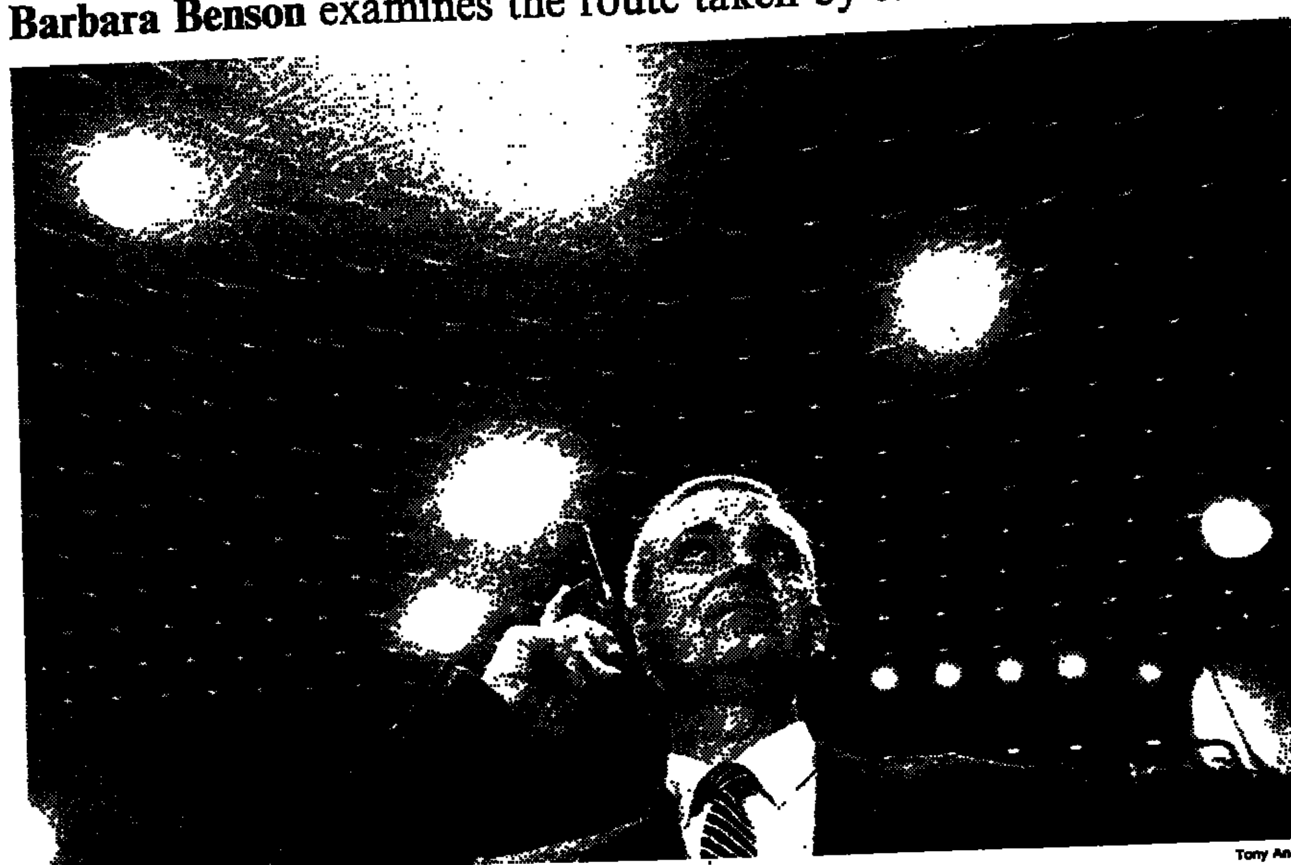
Richard Donkin and Juliet Sychrova

JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

The growing business

Importance of making the right connections

Barbara Benson examines the route taken by two technology firms



Tony Andrews

Nils Martensson: merged his company with a large group to help pay for increasingly costly research and development

Six years after founding Britain's largest maker of mobile cellular telephones, Nils E Martensson faced a dilemma. If Technophone was to grow – from sales of £58m last year – it needed a partner to help pay for increasingly costly research.

Last February, he sold his company for £34m to Nokia Mobile Phones (NMP), a unit of Finland's Nokia Group. Like Technophone, NMP was also producing prototypes for the new European digital standard known as GSM.

Martensson was not alone among British entrepreneurs who merged with a larger partner to share the research costs of products for GSM, which is now replacing the analogue technology of existing cellular networks.

A month earlier, Orbitel Mobile Communications entered a joint venture with Ericsson, the Swedish telecommunications and electronics group, which paid £45m for a stake. Orbitel's turnover in 1990 was £50m compared with Ericsson's £4.3bn.

The experiences of both companies say much about the benefits and drawbacks that technology companies face when they forfeit control to a much bigger partner. By throwing themselves into the arms of a larger suitor, the former entrepreneurs get bigger research budgets, broader product ranges and lower production costs.

In return, they may clash with their new parent. The bureaucratic ways of the new partner can swallow up the entrepreneur's identity, or alienate highly-skilled research and development engineers who thrive on more entrepreneurial design methods.

Common to many mergers, these problems are "a major challenge to the management", says Jorma Ollila, president of NMP. Keeping independence was a serious challenge for Orbitel. Founded in 1987, most of its £15m research budget went to new GSM digital products. Mike Pinches, managing director, describes Orbitel as a small company with an enormous goal – a 15 per cent share of the European GSM sub-system equipment market by mid-decade.

For three years, Ericsson had helped Orbitel along with technology and manufacturing agreements. The arrangement was a happy one but the new 50 per cent equity stake complicated the relationship. "If you're happy living together, is there any point in getting married? Does it make a difference?" asks Pinches. Indeed it does.

Married to Ericsson, Orbitel can make fewer decisions independently. Before, Orbitel marketed its own products and set its long-term strategies. Now it protects its independence by making Ericsson understand its marketing plans, which include keeping its own brand name instead of selling under Ericsson's label.

To do so, Orbitel marketing managers spend more time meeting their Ericsson counterparts to explain strategies that were never discussed under the old agreement. Keeping independence is not easy, says Geraldine Wilson, Orbitel's marketing manager.

Being bullied is the hidden danger of joint ventures, says Kurt Hellstroem, president of Ericsson's cellular division. Large companies "have to be especially observant of tendencies to push your own opinions too hard".

Technophone was sensitive to protecting its independence well before it negotiated its sale to Nokia. Previous merger discussions with Japanese suitors soured Technophone on a permanent tie to non-Europeans. "We needed an alliance, but not a Japanese one. We felt we wouldn't have sufficient control over our organisation," argues Ronald Graham, group finance director.

Nokia was European, but Technophone still feared loss of independence. "We thought we'd be told what to do. We thought Nokia would be vastly more bureaucratic than it was," says technical director Keith Warren.

Those fears proved short-lived. NMP had focused on buying the cheapest components, but is now adapting many of Technophone's techniques.

The acquired company called for components that can cost more but are easier to assemble by using fewer parts and highly-automated manufacturing processes. The result: Technophone made one phone model in half the time it took NMP. "Engineers from both companies will decide on methods, but we'll probably have more input," says Mike Ashdown, Technophone's director of corporate strategy. By adapting Technophone's methods, NMP is acquiring some entrepreneurial ways.

For Technophone and Orbitel, keeping their independence was at the heart of a greater battle to preserve their own corporate cultures, a term many companies use to describe their management's values and methods.

Orbitel's Pinches describes Orbitel as "small, young, fairly entrepreneurial, and with no great track record". He says Ericsson is "extremely successful, global and has a fairly complex management culture".

Those cultural differences mattered less in their old co-operative agreements. Orbitel, for example, had to adjust to Ericsson's management structure, which allows some decisions to be made quickly in Britain, while others are approved in Stockholm.

Pinches says he was unsure initially if he had to seek Ericsson's approval before making a decision. When he did, Ericsson's management structure was daunting at first. "It was hard to see where the decision-making lies and with whom to be debating what."

Technophone, too, feared a clash of methods and cultures with NMP, even though the companies had similar habits, down to the same bankers. The threat of clashes were highest, feared NMP's Ollila, with research staff. He blended Technophone's and NMP's research operations immediately, "even at the expense of some departures and pain" to avoid a feeling of "us and them" that could damage understanding between the two companies.

Ollila felt it was crucial that the Finnish and British engineers respected each other's skills in designing GSM phones, so he organised a series of exchange visits. In time, Britons came to follow Finnish customs such as brainstorming naked in the sauna attached to NMP's R&D laboratories. Finnish engineers, too, began to understand British engineers better after asking the English to speak English – bluntly, and without idioms.

Otherwise, Ollila feared engineers would resent research projects representing months of work being killed because they overlapped with the other company's work. He wanted both groups' support for the ending of any project.

At Orbitel, combining research also threatened engineers. Orbitel once refused Ericsson's suggestion to accelerate one project because of limited resources and a commitment to existing orders, explains Orbitel technical director David Balston. "We were uncomfortable about diverting our resources earlier. We felt a little nervous about giving it a higher priority."

Britain's remaining electronics entrepreneurs should understand the consequences of the choice made by Technophone and Orbitel. Both found access to international markets and shared costs in researching GSM technology, but at a price.

Time to act with resolution

Lucy Kellaway offers words of advice

This year was not a good one for the chief executive: recession, high interest rates, falling profits, low staff morale.

And as if that was not bad enough, there were scandals on all fronts waiting to be exposed, acquisitions that came badly unstuck, meddling non-executive directors to deal with, as well as constant worry over a flagging share price.

Many chief executives resigned under the pressure in the course of 1991 – others were shown the door by their restive shareholders.

But for those of you who are still in the job, here are a few tips – drawn up with the help of KPMG Management Consulting – to make the coming year more prosperous.

Stick to these resolutions, says the consultant, and when the recession finally ends, you should find yourself in much better shape to face the upturn.

- Interest yourself directly in the quality of your products and the service you offer to customers. If you have any hope of beating the competition, you cannot afford to leave this to the experts within your company.
- Take notice of the way your employees behave to each other. What about women and ethnic minorities: are they getting a fair deal in your company? It is in your own interest to act: you may lose important orders if it becomes known that your policies are not what they should be.
- Think through your relationship with your non-executive directors. In your heart, do you regard them as a nuisance? Are you really getting your money's worth out of them? Make sure you are asking them the right questions. Properly used, they should be a help rather than a hindrance.
- Stop ignoring your group treasurer. Make sure you understand what he is up to and how he manages your money, not just to prevent more rounds of treasury losses. His performance can make a big difference to your profits and so to your credit rating. That, in turn, will have a big effect on the way that others see you.
- Get your succession plans worked out. As the economy picks up, some of your best staff may be tempted to leave. Think now of ways of motivating them and encouraging them to stay with you, but have plans up your sleeve for replacing any who decide to try their luck elsewhere.
- Do not lock yourself away in your office all day, but take to walking around the building. Adopt a high profile at work. Talk to people so you are up to date with exactly what your directors and staff are thinking and with what is going on in the company.
- Make a point of calling on your customers. Ask them what they really think of your company and take notice of whatever they tell you.
- Prepare for attacks from your big shareholders. Put yourself in their place. Try to look at your company as they might see you and do some shareholder value sums for yourself. That way, you should be better able to fend off criticism if it comes.
- Have another look at your company's costs. You have probably already cut out much of the fat over the last few years, but have you lost vital capacity through cutting too crudely ? Get your finance director to have another careful look at the problem. Is there more waste that can be cut? What about some of the frills in his department, or in yours, come to that?
- Make sure that your business is well balanced in different parts of the world. Do not get caught out again with all your eggs in the UK, or in any other single country, come to that.
- Above all, go easy on the jargon. Pinch yourself every time you catch yourself saying anything in management speak. Words like "repositioning", "unbundling", "refocusing", "core businesses", "rationalising" and "globalisation" are out. Re-state your policies without a single word of jargon, and if they no longer make sense, rethink them.

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A meeting of unsecured creditors has been convened by the Joint Administrative Receivers of the above mentioned company pursuant to Section 48(2) of the Insolvency Act, 1986 for the purpose of presenting to that meeting a copy of the report prepared by the Administrative Receivers under Section 48(1) of the said Act and for the purpose, should the creditors think fit, to establish a committee of creditors under the provisions of Section 49 of the said Act.

The meeting will be held as follows:
DATE. 8 January 1992 TIME: 10.15 a.m.
PLACE: 46 Alexandra Street, Southend-on-Sea SS1 1BJ, Essex.

Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.

A creditor will only be entitled to vote all the creditor's meeting if:

(a) he has given to the Receivers, not later than 12 o'clock noon on the business day before the day fixed for the meeting details in writing of the debt that he claims to be due to him from the company, and the claim has been duly admitted under the provisions of the Insolvency Rules, and

(b) there has been lodged with the Administrative Receivers a proxy which the creditor intends to use on his behalf.

Dated this 23rd day of December 1991

Brian Mills and Peter A Lawrence
Joint Administrative Receivers
2 Nelson Street, Southend-on-Sea SS1 1EF, Essex
2 Nelson Street, Southend-on-Sea Essex SS1 1EF

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Registered number: 1383865
Nature of business: Holding Company
Date of appointment of joint administrative receivers: 18 December 1991
Name of person appointing the joint administrative receivers: Barclays Bank Plc
Ian Douglas Barker Bond and Christopher John Hughes
Joint Administrative Receivers
(Office holder no 1289 and no 2041) of Cork Gully
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(the "Company")
Registered Office
Polarisweg 35
Curacao
NETHERLANDS ANTILLES

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS AND SEPARATE CLASS MEETING OF THE HOLDERS OF THE PREFERENCE SHARES

Notice is hereby given that an annual general meeting of shareholders will be held at the International Trade Center, Piscaderabaai in Curacao, on Friday 24th January 1992 at 2.00pm for the purpose of considering amongst other things the ordinary business of the Company, amendments to the articles of association, appointment of directors and any other business as presented to the meeting pursuant to the agenda. The agenda has been deposited at the office of Notary Office Alexander for inspection by the shareholders. A separate class meeting of the preference shareholders will be held immediately thereafter.

Voting

Shareholders are advised that in accordance with the articles of association the annual general meeting of shareholders will require a quorum consisting of the holders of at least two thirds of the A shares. Certain decisions require a majority of at least three/fourths of the votes cast and other matters will be decided on a simple majority of the votes cast.

Holders of preference shares are entitled to attend and address the annual general meeting, but have no voting rights.

After the annual general meeting the preference shareholders will be requested to sanction the alteration of the special rights attaching to their preference shares resulting from the amendments to the articles of association as brought before the separate class meeting. In accordance with the articles such sanction must be given by extraordinary resolution passed by a majority of at least two thirds of the votes cast. The necessary quorum for the separate class meeting is two or more persons holding or representing by proxy not less than two thirds of the issued and outstanding preference shares.

Preference shareholders unable to attend the separate class meeting in person are invited to contact Mr Linders (at International 31 10 438 5144) or Mr Pakenham-Walsh (at International 44 71 583 5000) upon which they will be provided with the agenda, an explanatory memorandum thereto and a power of attorney which will allow the adoption of the amendments to the articles of association as brought before the meeting. The duly completed and signed power of attorney forms should be express mailed to the office of Notary Office Alexander, address PO Box 636, Curacao, Netherland Antilles to arrive there not later than 20th January 1992.

The Board of Directors
20 December 1991

COMPANY NOTICES

BBV BANCO BILBAO VIZCAYA

THIRD QUARTERLY DIVIDEND 1991

The Board of Directors of Banco Bilbao Vizcaya has approved the payment of a third quarterly dividend for the financial year 1991 on all shares in issue, numbered 1 to 231,000,000, as follows:

Gross Dividend	Tax	Net Dividend
36 ptas	9 ptas	27 ptas

Date of payment: On or after 10th January 1992
Place of payment: At the Head Office of Banco Bilbao Vizcaya or its subsidiaries.

HOLDERS OF INVESTOR DEPOSITARY RECEIPTS (IDRS) should present Coupon No. 22 at one of the offices listed below:

Hill Samuel Bank Limited
45 Beech Street
London EC2P 2LX

Morgan Guaranty Trust Co. of New York
Avenue Des Arts, 35
Kunstlaan, Brussels 1040

IDR holders will receive sterling converted at the rate of exchange ruling on the day of presentation of their coupons, and payment will be made five business days from that date. In the case of coupons presented for payment in London, UK tax will be deducted, unless accompanied by an Inland Revenue Affidavit of Non-Residence.

BUSINESSES FOR SALE

Touche Ross

Evante Cars Limited
(In Administrative Receivership)

The Joint Administrative Receivers, L. K. Denney and J. Wilson, offer for sale the business and assets of the above company.

- Manufacturers of thoroughbred classic English sports cars.
- Pending niche markets in the EEC, Far East and Japan through selected concessionaires.
- Derivative product markets in the UK for engines and chassis.
- Fully equipped machine shop and new jigs, tools and fixtures.
- In-house skilled labour force.
- Turnover 1991/92 £1m.
- Freehold site of approx. 1,642 sq. metres, Lincolnshire.

For further particulars, please contact L.K. Denney, Joint Administrative Receiver, or Karen Ithell at the address below.

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590979.

DRT International
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Typesetting Printing Company

The Joint Administrative Receivers offer the business and assets for sale as a going concern.

- Services the City marketplace
- Training facilities
- Turnover £3 million
- Leasehold premises in the Docklands

For further particulars contact John Bishop, Joint Administrative Receiver, Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ Tel: 071 606 7700 Fax: 071 606 9887

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
P. MONJACK FCA & S. D. SWADEN FCA

PREMIER METROPOLIS LIMITED
& ASSOCIATED COMPANIES

The Joint Administrative Receivers offer for sale the assets and goodwill of this well established business of Designers, Typesetters & Colour Printers, which includes a prestigious client base and approximately 50 staff. There are Freehold premises at Saffron Walden and long leasehold premises in Mile End, London, where the group production is based. Turnover for the last twelve months was in excess of £6.5m.

Further enquiries should be addressed to the offices of:
Leonard Curtis & Co., Chartered Accountants,
30 Eastbourne Terrace, London W2 6LF
For the attention of M. Temple
Tel: 071-262 7700 Fax 071-723 6059

Turandot

WEMBLEY ARENA

Advertised – and why not? – as the "musical extravaganza" with the "hit single 'Nessun dorma'", *Turandot* arrives at the Wembley Arena for its much-fanfared festive-season run. The Royal Opera, courtesy of Raymond Gubbay Ltd, have translated their celebrated 1984 Andrei Serban production, a marriage of Italian opera and oriental theatrical practice, into an arena spectacle, with vastly increased personnel, miked voices and instruments, and a much-broadened theatrical canvas.

It was a gamble. In artistic terms it has paid off handsomely. On the evidence of Sunday's opening show, great care has been taken in the transfer; the Wembley *Turandot* is by no means a crudely bloated, coarsely detailed replica of a splendid original. The moments of theatrical frisson, such as the dropping of red streamers and banners and the descent from the skies of the Emperor's Imperial Pillow, reverberate broadly in the new operatic conditions – the brilliance of Serban's Italo-Chinese theatrical vision is here enhanced by the enlargement of space.

During the great scenes of confrontation, the feeling of bated-breath hush in the arena suggested that the monstrous fascination of the opera was taking root. Inevitably, other features of the opera prove less telling at Wembley: the Act 2 reveries of the three ministers fail to make their full bittersweet point, and the fine Chinese lacquering of Puccini's woodwind writing tends to be lost. *Turandot* in a proscenium-arch theatre offers an experience of "consecutive" excitement; in arena conditions, distance lends majesty but also a certain dilution of momentum.

Nevertheless, I found Sunday's performance never less than stirring and often hugely impressive. Many of the six Turandots, five Calafs, three Lius and three Timurs booked to alternate in their roles across the ten-performance schedule know the production inside out. The conductor, Edward Downes, certainly does: it was his iron control over the Royal Ballet Sinfonia and the far-flung, much-enlarged Royal Ballet Chorus that lent Sunday evening so much of its confident authority.

The big-scale voices of Gwyneth Jones in the title role (a whiplash figure in scarlet) and Vladimir Popov as Calaf sailed across the spaces with elemental vigour, though both regularly cut corners of musical subtlety and accuracy. Contrary to expectation it was not the Big Tune (when it finally arrived) but the vibrant delicacy of Liu's two short airs, palpitatingly sung by Yoko Watanabe, that seemed to inspire greatest public enthusiasm. Gwynne Howell (Timur), Simon Keenlyside (Ping), Christopher Gillett (Pang), Francis Egerton (Pong) and the serenely airborne John Dobson (Emperor) are all, as ever, first-rate.

Max Loppert

TELEVISION

A year of viewing dangerously

Christopher Dunkley looks back at the best and worst of 1991

More than ever, and faster than ever, the events of the world were brought to us in our homes in 1991 by television, from the Gulf War in January to the Kennedy rape trial in December. Moreover, events which would, only a short time ago, have reached us after being filtered through specialist reporters, sub editors, assistant producers, script writers and presenters were now reaching us, more and more often, direct and live. Though exciting the effect could also be confusing, frightening, and downright dangerous.

In the Gulf War it rapidly became clear that the American satellite news agency, CNN, was being used as an initial source of information not just by the public but by politicians on both sides, up to the level of president. It was consequently terrifying to imagine the possible effects of – say – a reporter in Tel Aviv appearing live on screen, scrambling into a gas mask in some panic, while asserting that Iraqi missiles with nerve gas payloads were heading for Israel. They weren't, of course, but within 24 hours of the outbreak of war competition between the news services had become so intense that nobody was waiting long enough to confirm anything.

Later in the year, after the allies had ceased their attack even more abruptly and with even worse timing than they had begun, and Saddam Hussein had been allowed to resume his murderous persecution of the Kurds, there were conferences in many places from Manchester in England to Banff in Canada where broadcasters agonised over the problem of unchecked and unmediated reporting. In several cases those involved had only just returned from eastern Europe where they had been advising their fellow broadcasters, newly emerged from totalitarian communist regimes, on the benefits of free communication.

In Britain the limitations of that freedom were interestingly and thoroughly illustrated by an impressive, albeit infuriating, Channel 4 season called "Banned". This managed to show a large quantity of television dramas, movies, documentaries and other material which had at one time or another been withheld from the British public, ranging from the Monty Python team's *Life Of Brian* to an episode from the 1976 documentary series *Sex In Our Time* in which feminists used speculum, mirror and torch to inspect their own wombs. The series was impressive because it brought together such a large amount of material, and infuriating because it revealed so vividly, yet again, the hypocrisy and stupidity involved in one set of people watching programmes and then preventing anyone else doing so.

The worst offenders in this respect, the communist regimes of eastern Europe, continued to collapse with increasing drama as the year progressed. What appeared to be the climax began in August with an attempted coup against Gorbachev in what was then still the Soviet Union. The story was told in startling detail at the end of the year in a programme hastily added to Norma Percy's outstanding series, *The Second Russian Revolution*, which must surely win prizes. Compared with such extraordinary political drama, the other supposedly major events we followed on our screens – the World Athletics Championships in Tokyo, the hearings of the Senate Judiciary Committee on the conduct of Judge Clarence Thomas, the Rugby World Cup, the Kennedy rape trial – were reduced to soap opera.

But what about ordinary television programmes? They were supplied in ever growing quantities, with the satellite services, which could not afford to make original drama, comedy or documentaries, recycling countless old (and very old) programmes, most of them American, some Australian, a few British. There were more programmes on offer to British viewers in 1991 than ever before, and no doubt there will be more again in 1992. Yet high quality programmes were as scarce as ever, and more difficult to find because of the growing heaps of mediocre material surrounding them.

In drama serials the year began with BBC2's *Parnell And The Englishwoman* and proceeded via a lot of law based series (*Kinsey* was pretty good, *The Advocates* pretty awful) to the most popular work of 1991: ITV's *The Darling Buds Of May*, a backward facing rose-tinted adaptation from the 1950s novels of H.E. Bates featuring conspicuous consumption of just about everything, in a world unworried by approaching ice ages, global warming, or mass unemployment. This reinforced David Jason's undeniable yet baffling claim to the "Most Successful Ratings Puller" title. The most unusual serial was *Cop Rock*, a musical variation on series such as *Hill Street Blues*, and the best was the BBC's *Clarissa*. At the end of the year this turned Richardson's seven-volume novel into a highly entertaining three part costume drama.

1991 proved to be yet another poor year for British television comedy with BBC1's *Waiting For God* by Michael Atkins the only memorable situation comedy produced by one of the major networks. Graham Crowden and Stephanie Cole were superb as the bolshie old couple in the retirement home. That aside, the laurels went to the Americans (*Cheers* and *Golden Girls* maintained their standards and *Dream On* was the first sitcom since *Soap* which could claim to be "adult") and to the independents. Though it first appeared in 1990 *Drop The Dead Donkey*, written by Andy Hamilton and Guy Jenkins and set in a television newsroom, established itself as the brightest home produced comedy, proving that the British *can* match the Americans at ensemble playing and wise-cracking if they try.

We expect to see large numbers of American comedies and action dramas in the British schedules, but this year, most unusually, one of the best documentary series also came from across the Atlantic: *The Civil War*. Though wholly conventional in approach, using sepia photographs, diary extracts, letters and highly effective sound effects, this proved to be both moving and memorable. The best of the British documentary series (assuming you count Norma Percy's as current affairs) were *A Secret World Of Sex* made by Steve Humphries and Domino films for BBC2, which shed fascinating light on the sexual mores of pre-war society; and *Legacy*, produced and directed by Peter Spry-Leverton, in which Michael Wood explored the origins of "civilisation".

Among arts programmes there was more innovation from Channel 4's *Without Walls* than anywhere else. Their "J'accuse" series, re-evaluated the reputations of various arts gods and goddesses – The Rolling Stones, for instance, and Virginia Woolf – with an irreverence which is too rare on television. The single arts documentary which sticks most firmly in the memory is BBC1's *Omnibus* programme on "master forger" Eric Hebborn, a programme which was both funny and eye opening.

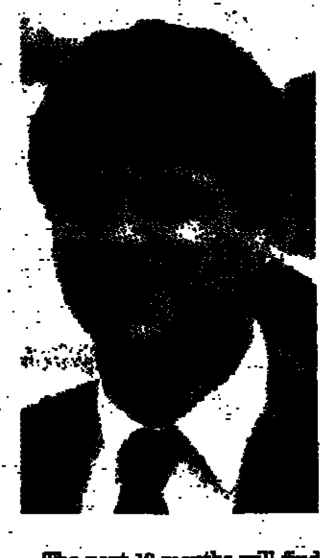
Naturally 1991 also brought its full complement of flops. *The New Age* on Channel 4 took tedious pretentiousness to new extremes with its earnest review of the obscurantism and over-romantic nonsense ("Hallo trees! Hallo sky!") of the new age of astrology that we seem to be entering. *Taking The Floor* was a BBC1 comedy series about aspiring young ballroom dancers which never managed to be *as* funny as *Come Dancing*, and *As It Happens* was a series of live foreign reports on Channel 4 which served largely to prove the huge advantages of editing.

Mission Eureka was yet another attempt to satisfy all sorts of European audiences simultaneously resulting in another Europudding with dreadful dubbing and some collectible lines: "Mmm! This wine is delicious and very expensive". In BBC2's *Not Mozart* Peter Greenaway showed that once you have made a name for yourself with the chattering classes you can get away with murder: had this rubbish been produced by a young unknown it would have been thrown in the dustbin. And the poor material in series by Josie Lawrence on Channel 4, Lisa Maxwell on BBC1, and Tracey Ullman on BBC2 suggested that in 1991 there was no reduction in the determination to favour women regardless of the quality of their work.

The silliest item of the year, however, was a commercial for a building society, which sought to suggest that this large commercial outfit identified itself deeply with the green sentiments of many younger people: "You have left your home to seek your paradise, to find your truth, to walk softly in the footsteps of older, wiser people, to swim with the sharks and the dolphins..." Anyone who trusts a penny of his income to a company which is unable to distinguish between the advisability of swimming with sharks and swimming with dolphins needs his head examined.

The next 12 months will find ITV struggling to be ready for life under the new franchise system in January 1993, with Thames and TVS no longer holding licences, but Carlton and Meridian preparing to play central roles in the network; Channel 4 denied its umbilical support from ITV, selling its own air time, and competing more vigorously than before for audience share; Channel 5 up for grabs; new national commercial radio networks; increasing pressure on the BBC as it gets nearer to the review of its charter; and of course Rupert Murdoch's satellite continuing its raid on the periphery.

The net result will be more people than ever attempting to attract audiences by showing popular programmes. Will that mean better television? It seems extremely unlikely.



World events, from the Gulf War, above to the rape trial of William Kennedy Smith, right, were brought to our TV screens faster than ever before

Two of the best: BBC2's 'Clarissa', a three part adaptation of Richardson's seven volume number; and a documentary from America, 'The Civil War'

Rembrandt yes, ventilator grills no

William Packer warns artists and curators against the fad of being fashionable

This year has been for me an unusual year, unusual not so much in the variety or quality of the painting and sculpture that has come my critical way but rather, at a purely personal level, for being comparatively disjointed and disrupted. I seem to have been abroad more than ever, in Belgium, Italy, Denmark, France, Switzerland and Germany, and a long break in mid-summer only confirmed my sense of critical detachment and distance from home. To sit drawing in the rain in the Borghese Gardens certainly put England and its art world in a proper perspective.

I have never felt it possible, in these yearly surveys of impressions and opinions, to put a finger on the significant moment, to point the trend, to mark the definitive shift in the creative mood of the age. We stand, in normal times, too close to see anything but the trees. , I cannot say what 1991 might mean in the larger story of the art of our time. Freuds may have gone up and Baselitzes down, upside-down, but so what. It is only that I am less inclined myself to stand so close, more concerned to take the broader view.

Consider, for a moment, what has most impressed me through the year. Vuillard, in a wonderful show at Nantes; the young Chagall at Martigny; Jack Yeats in Bristol; Constable at the Tate; Rembrandt in the magnificent show in Berlin that comes soon to London by way of Amsterdam; Seurat and Gericault in turn at the Grand Palais; Bonnard in London at JPL; Funikoshi with his unnerving painted portrait sculpture at Annely Juda; Hokusai at the Royal Academy; Lautrec at the Hayward still; Diebenkorn at the Whitechapel; medieval German sculpture at the Louvre; the Berggruen collection at the National Gallery and the Buhrle collection at the Academy; Morandi at the Tate; Paula Rego, Euan Uglow and Freud among our contemporaries; above all the rehanging of the Renaissance collections in the new Sainsbury Wing of the National Gallery. A year that embraces such stuff has not been too bad.

What does it all have in common? Most of it is old rather than new; all of it is figurative; all of it born of the artist's real and true experience of the world, observed, considered, understood and at last transformed; all of it made with his own hands.

And what is been variously most saddening, pretentious, depressing, if not truly awful? Victor Pasmore at the Serpentine; Richard Hamilton and then Georg Baselitz at d'Offay; Gerhard Richter at the Tate; Richard Long at the Hayward; the New Contemporaries at the ICA; the eight young artists of *Broken English* at the Serpentine; Damien Hirst, Ian Davenport, Rachel Whiteread and their chums; and, the Gods of Modern Art forgive us, The Turner Prize at the Tate.

Again, is there a common thread that runs through this miscellany of what is clearly the official art of the moment, sought after by the modish collector, supported and promoted by our public institutions and museums? These are post-modernist times, or so we are told, with all the term implies of openness, catholicity and the passing of any imperative commitment to the avant-garde. In principle one may now be the true and radical artist as much by sitting in the cornfield painting the landscape as by filling the studio with lumps of rock. And yet, to look at what still commands the interest and resources of our principal curators, we would hardly know it. When was a painter working objectively from the figure or landscape last sent to represent us at the Venice Biennale? Last nominated for the Turner Prize? Last offered a retrospective at the Tate?

Unforgettable: Gregor Erhart's life size figure of St Mary Magdalen

All of my second group of artists are distinguished not so much by what they do intuitively as by the ideas their work proposes and represents. Art is to be justified, they would seem to say, not by what it is but by what it is about. It is, of course, the greatest heresy, as though to say that the image of the Crucifixion of itself, rather than what a Van der Weyden, Grunewald or Rubens might make of it, is what makes the work great art. Titian or Rembrandt or Velasquez, it says, were great not for the paint they put upon the canvas but only for what is to be read into the imagery of social or moral history.

But, heresy or not, it is wonderfully persuasive. Above all else, it confers great freedom. The curator or scholar, unmoved by an intuitive imagination, distrustful of a physical response to a physical work, and indifferent to technical disciplines he has never known himself nor properly understood, has at least the idea on which to cling. As some people have cloth ears, so others have cloth eyes. Discourse and exposition can be a wonderful and convincing comfort.

As for the artist, ungifted but intelligent and ambitious to be the artist, with one bound he too is free of all technical constraint. No need now for the sculptor to carve or model against an objective standard, when all he need do is bring material together for rearrangement and display. What a clever circle, what a witty line, what a powerful heap. Richard Long trots off into the wilderness with his skip. Julian Opie puts his heating ventilator grill upon the wall. Damien Hirst puts his fish, all fresh from Billingsgate, into plastic tanks of formaldehyde. Rachel Whiteread takes casts of baths, drainpipes, mattresses.

As for the painter, simply to paint is quite enough, just so long as the idea is clear enough. How sincerely crude the paint, how deeply inept the drawing, how profoundly upside-down that canvas is. Heads he wins, tails he wins: the crudeness and ugliness of the paint is the whole point, the ineptitude the ironical celebration of a true talent. Cynical opportunism? Perish the thought.

Take Baselitz, who as young man was indeed an intriguing if ambiguous figurative expressionist against the tide of fashion. Now he gives us merely the perfunctory gesture, large, wide and empty, with no thought of resolution or painterly achievement. Take Richter, again a painter of evident natural talent, but long suppressed by the magpie need to embrace every passing fashion. Novelty is everything and he no more than a pasticheur of current modernism. Take Ian Davenport, with his decorative falls and runs of paint and varnish. Take Fiona Rae with her eclectic art-historical borrowings. Take Pasmore and Hamilton, neither of whom was ever easy and natural in the paint, or fluent and convincing a draughtsman. Yet there they are, the gurus of the age, Hamilton with his politically correct images of lavatory paper and The Dirty Protest, Pasmore with his seductive pattern-making.

From them stems the discarding in art education of all superfluous technique, to be replaced by the ideology of the window display and double-take, drawing as diagram, never paint what you can photograph. Style is now all. As I wrote earlier in the year, apropos of *Broken English* but with wider implication, nothing is made except in the simplest mechanical sense. There is no evident intervention of hand or eye, no marginal intuitive response, no surprise. All goes to plan, for anything else would be to risky, or too difficult. It might go wrong, and these artists have their careers to think about.

Girl sleeping: the Rembrandt exhibition in Berlin was one of 1991's highlights

We are all revisionists now, but I differ from my stricter colleagues in that I would not deny altogether the uses of modernism. Abstraction, surrealism, conceptualism, minimalism, all had their historical justifications and necessities, and have given us each in their own way great artists, beautiful works and profound truths. But I believe it is for the artist to come to these truths in his own way and on his own terms. And they are not the only truths and his not the only way. When they become the narrow critical orthodoxy of the moment, and reduced to a mere question of style and presentation, then I find myself on the other side of the barricades.

A ventilator grill, a fish in a box, a circle of stones? Not at all. Rembrandt in Berlin, Seurat in Paris? Of course. But for me the most memorable images of the year are two strange and beautiful figures, both of them of painted wood carved in the old way. There is Funikoshi's half-length anonymous portrait: and there, older by some 500 years, the magnificent life-size figure in the Louvre, by Gregor Erhart, of the naked and penitent Magdalen, recovering her virtue by the fall of her long golden hair.

FINANCIAL TIMES
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Tuesday December 31 1991

Death of Marxism

IT CANNOT yet be said that Marxism is dead. It is the official state philosophy of the world's most populous country, and of a handful of others whose dictatorships use it for self-legitimation. It is still actively promulgated by parties and groups throughout the world – mostly of minuscule size, but of rather larger intellectual influence.

However, with these important exceptions, it is shrinking back, throughout much of the world, into its last redoubt: the university seminar. Can it have a future as a tool for the wretched of the earth (to borrow a phrase from the neo-Marxist Franz Fanon) to redress their grievances?

Marxism grew and sustained itself because it gave shape to protests against the miseries of capitalism. It proposed utopia, and prescribed a discipline for achieving it. It established the working class as history's final achievement, claimed that this class should inherit the earth and excused the use of force in seeking the inheritance. More, in adapting Hegel to place the end of history in the working class, it made certain that any politics based on a logical reading of Marxism was bound to be totalitarian: for how could there be opposition to a party which spoke in the name of the only possible class, the one to which history inevitably led?

The work of Marx, and Engels, was much richer than these core arguments. Many of the essays written by both are among the best work of their day. Passages in Marx's Capital, and Engels Condition of the Working Class, have the power of Zola or Dostoyevsky. Both can still be read with enjoyment. But will they again be read by revolutionaries?

Persistent misery

The misery which Marx and Engels described in their vast works exists still: if hardly at all in the developed capitalist world, then in the undeveloped (and the socialist) world. Ironically, the core of their recipe for a society ripe for revolution – a large impoverished working class, an unscrupulous capitalist class backed by state power and foreign capitalism – exists in today's ex-Soviet states, especially Russia (as good ex-Marxists, the new ex-Soviet rulers are taking care to build up their police apparatus against the revolutionary possibility).

The wretched of both the former Soviet Union and the still more wretched of the Third World are getting not utopianism, but the recipes of the IMF and the World Bank – which are, at least in their initial stages, foul-tasting. Is there not a case for a revival of some of the fire and passion of Marxism, in order to give the poor the dignity of struggle and the rich of the earth the smell of a bit of fear?

No. The last thing anyone at the bottom of the heap needs is utopia and utopians especially Marxist ones. Out of power, they confuse; in power, they repress. The dismal gruel of the IMF, dispensed with homilies of the "there is no rapid road to success"; "the IMF helps those who help themselves"; "expenditure slashed and budget balanced: result = happiness" kind, is much better than the pretensions of "scientific socialism".

Better alternative

That there should be an alternative, or alternatives, to the neo-liberalism which has been influential, even dominant in many international economic circles, in the advice given to west European and Soviet governments and in the predilections of these post-communist governors themselves, is another matter. There should be and there is.

The Japanese government, for example, recently let it out that it was about to mount an ideological offensive on neo-liberalism by drawing on the success it had had with corporatism and consensus at the workplace – not before time.

But this is, at its leftest, social democracy or liberalism in the American sense of the world: political strands which have at most a thin streak of pink running through them. This form of politics has conspicuous successes as well as failures to its credit, and can enter the lists with some hope of success. Meanwhile, Karl should stay, revolving no doubt, in his grave in London's Highgate cemetery. Taking out the stake that has been driven through his heart in the course of these past three years – especially in 1991 – would be a mistaken act of sympathy for the old devil.

The year the idols fell

PERHAPS our calendars should be adjusted by 10 years; for 1991 has had a decidedly millennial feel to it. Communism collapsed in most of the countries which had adopted it; but if they had held out, the former leaders might now be celebrating the collapse of capitalism under its internal contradictions. Even the general wish for prosperity is now wilting in a green shadow, and the only idea which still inspires is the nastiest form of nationalism. Many of the governments elected by democratic franchise are at present deeply unpopular, but voters show little confidence in the alternatives: they are increasingly responding by staying at home at election time.

There is no evidence that the leaders on offer are any worse than average; but the ideas they stand for look shopworn. This is true not only of the grand plans for systems, but of the detailed ideas on how to run them. Post-Keynesian economists now find themselves squabbling with post-monetarists, without getting any nearer to a consensus. Deregulators face a wall of re-regulators. Nationalisation is as far out of fashion as ever it was, but privatisation begins to look like just another racket. The Japanese, struggling with scandal, pollution and recession must be puzzled as well as flattered to find their model still surviving as a pattern for everyone else's future. We might yet start our emulation with profit-sharing – if only anyone could be sure of the profits.

Battered institutions

The institutions which made a practical reality of the post-war consensus are also more than a little battered. The Gatt is under threat, and the IMF widely regarded as out of date and out of touch. The falling masonry of east Germany seems to have made a nasty hole in the roof of the Bundesbank, which can only strive for price stability at the risk of all Europe. The supervisors in the Bank of England, buried in the rubble of BCCI, may get some perverse comfort from the fact that the late Robert Maxwell made the commercial bankers look even sillier. Some accountants who have certified fraudulent figures now face the judgement of courts which are busy freeing those whom they have wrongly convicted.

Empty ideas

Nor is this just a disease of the political economy; all the ideas which promised a brave new world look empty. While we prepare to demolish what planning achieved in central London, we despise what freedom allowed in Docklands. What follows will be different again. Art and architecture are post-modern, child-centred education has gone the way of 12-tone music. Even the new sexual puritanism is inspired only by funk; no suggestion of idealism. Most of us, it is true, can still eat and drink within the limit of our diets (though this is only a very short-term prediction in the post-communist countries); but it is hard to be merry.

Luckily, there is a philosopher for our present discontents. Disillusion may be painful, but it is healthier than illusion. Voltaire, after wittily demolishing all the isms of his day, concluded that we must cultivate our gardens. That is not the escapist advice it may appear: it can be translated as buckling down. And first, as Voltaire's near-contemporary, Dr Johnson, advised, to clear your mind of cant.

In the world which this newspaper addresses this can mean very complicated things, like drawing up a system of public accounts which makes a meaningful distinction between public consumption and investment for the future. It can mean simple but difficult things, like more reliable private accounts, and better quality goods.

Recall, if you are depressed, how much we have already achieved in this respect, at least. Remember the cars and television sets of only a few years ago? And our oldest readers can also remember what a real slump was like, 60 years ago. We certainly know how to do better than that, which will do nicely for now. If that seems pedestrian advice, one more Voltaire tag: the best is the enemy of the good.

David White examines the impact of the withdrawal of American troops from the garrison town of Schwabach in Germany

When Johnny goes marching home

In the town of Schwabach near Nuremberg, the final curtain is going down on the second world war. US soldiers who moved in when the town surrendered in 1945 are packing their bedframes and cupboards onto army trucks and going home.

The closure of the town's O'Brien Barracks is greeted neither by rejoicing nor by bitterness among the townspeople: more a sense of numbness as they watch an epoch coming abruptly to an end.

Schwabach is one of dozens of garrison towns affected by withdrawals of American and other allied forces. Up to about a year ago the US had more than 300,000 army and air force troops in Europe. At least half are due to depart by 1995. The US Army, which had almost 200,000 stationed troops, concentrated mainly in southern and central Germany, has already pulled more than 40,000 back.

Under measures announced to date, 252 out of 674 US Army installations in Germany – ranging from barracks and training areas to officers' clubs and motorway service stations – are set to close. The US Air Force is reducing from nine main German bases to five, with two already shut.

Those troops that stay in Germany will be subject to a new "status of forces" agreement, now being negotiated with the German government. Many special rights and privileges stemming from the post-war occupation will disappear.

Schwabach, an old gold-beating town of Middle Franconia in the north of Bavaria, is a place of steep roofs, tidy public gardens, a baroque fountain in the market square and an inn where Goethe once spent the night. In the beginning the barracks were outside the town, but the town grew.

Occasionally there were problems: some trouble with drugs when soldiers started coming back from Vietnam, complaints from residents about the noise from tracked military vehicles in the early morning.

But Mr Hartwig Reimann, the Oberbürgermeister (mayor), is emphatic: "Nobody wanted this decision." The US presence was less a cause of friction here than in bigger towns where the land occupied by the troops was more keenly coveted. Only the local Greens welcomed the closure announcement as "glad tidings".

Pollution from oil products, chemicals and waste at US bases – and, much more, at Soviet bases in the east – is a subject of much controversy. But Colonel James Wilson, the last commander of the base, says the facilities at Schwabach were only recently improved. They are being handed over in good condition. But he adds: "We're not going to put money in to make it better."

The mayor is still cautious. "We haven't looked underground. There is almost certainly something hidden underneath."

What will be done with the base is yet to be decided. As with other US installations in Germany, almost everything belongs to the German federal government and is due to be returned to it. The barracks consist of about 30 buildings. Most are the ones the US troops found there when they arrived, built for Hitler's army.

For 46 years, US soldiers have been sitting on monuments to the Wehrmacht. In Nuremberg, the concrete grandstand and rostrum where Hitler reviewed his goose-steeping troops at Nazi rallies from 1933 to 1938 still stands, in an area on the outskirts known as the Zeppelinfeld. US soldiers now use it as a sports ground.

The Schwabach barracks were constructed in 1935-36 as a Wehrmacht training base, for cavalry, signals and Alsatian dogs. The rings for tethering horses are still in place.

The land was taken from the town, without payment. "It was against the law," says Mr Reimann, "even the law of the time." He says it is "immoral" for the federal government to claim the benefits of that seizure. The government wants to use the site to house refugees. The town authorities do not like the idea. "We have a need for residential land," Mr Reimann says. But then the town cannot afford to buy the site, reckoned to be worth about DM 50m.

Schwabach had expected a reduction at O'Brien Barracks. But everyone was surprised by the news in July that the base was to shut completely – schockiert, the local paper said.

There were two battalions here, about 1,400 troops with 1,100 dependants, both attached to VII Corps based in Stuttgart. The corps itself is now being disbanded; its job securing West German borders with Czechoslovakia and East Germany has become obsolete. A year ago most of its units were sent to the Gulf, including the air defence artillery battalion from Schwabach. The battalion returned in May, leaving its heavy equipment in Saudi Arabia. It then proceeded to pack up. Its last soldiers departed in November. Now the other unit – 3rd Battalion, 5th Field Artillery Regiment, known as the Fighting Fifth – is also about to be "inactivated".

E-Date (E for expiration) is mid-February. But most of the Fighting Fifth made it home by Christmas. Less than a third of of its 600 soldiers remain in Schwabach.

Sergeant Ronald Price from Illinois, almost 22 years a soldier, is one of many who plan to leave the army. He will look for a home to rent at Fort Knox, Kentucky, and "put myself on the job market and look around".

The two guards at the gates hardly bother any more to check visitors. The "thrift shop" has closed. The theatre has been shut for a year, a victim of the video age. The commissary (grocers) has been losing money because of the fall-off in trade. The burger bar, pool hall and all-important Post Exchange (PX) still function. But there is no morning PT, and the tracked vehicles have all gone. Armed Force Network radio advertises sales of government housing furniture.

"This place is beginning to look like a ghost town," says Mr Carl Kaiser, the senior civilian at the base. A former US soldier, grandson of a German migrant to the US, he first came to Nuremberg as a military policemen escorting defendants to face the war crimes tribunal in 1946. "I was here when it all started," he says, "and I'll be here when it stops."

The closure of O'Brien Barracks is greeted neither by rejoicing nor by bitterness among the townspeople: more a sense of numbness as they watch an epoch coming to an end

US troop levels are already at their lowest since they were bolstered in the early 1950s, after the outbreak of the Korean war. The decision then to station four divisions in Germany was aimed at dispelling any doubts about the seriousness of Washington's commitment to western Europe's security. US forces in Europe reached a peak of 430,000 and have since been through cycles of decline and reinforcement. In recent years there were about 245,000 at German army and air bases, employing some 60,000 civilians.

The army's four divisions are being reduced to two and its 37 "military communities" in Europe being reorganised into just 12 "area support groups"

While the US Air Force exercises a dominant influence in some small rural communities, the army has lived largely in urban ghettoes, increasingly on the margins of a progressively more affluent German society. Changing exchange rates have eroded the GI's purchasing power. In the 1960s he could still get DM 4 for a dollar. In the 1970s the rate plummeted below DM 3, and is now below DM 1.60 As a result, soldiers have gone out less, and relied more and more on their own camp PX for their purchases.

Bases provide for all needs. O'Brien Barracks has a bank, a bowling alley, a community club, a tailor, a chapel, a kindergarten. Older children take shuttle buses to nearby US schools. If a bathroom fixture breaks, a soldier goes to the camp's "self-help improvement" store. If that fails, army engineers are called in.

In Munich the US military settlement on the southern periphery has become known as Little America. That, too, is due to be vacated next year.

US personnel have their own car licence plates. If they buy something big in town, they can claim back the 14 per cent VAT. They buy their petrol at reduced rates. In camp, US dollars are the only currency. Until recently it was standard for bases to use imported US coal for heating. In Schwabach, to reduce pollution, the town put in new gas-fired heating installations little over a year ago.

Colonel Wilson, who has moved to another base in nearby Fürth, says closure will be felt hard by some local people, including landlords renting out to Americans. "To be honest, they probably got about double what they would have been able to charge a German."

In the whole Nuremberg area, where there have up to now been some 15,000 US troops, with 12,000 dependants and more than 3,000 civilian employees, the US Army reckons it contributes about $170m a year to the local economy. More than a quarter of the troops are due to have gone by spring.

Overall, Pentagon estimates put the net financial contribution to the German economy of US forces at $4.72bn for the year now ending. This is almost 20 per cent down on last year's figure of $5.85bn, and a further 15 per cent drop is expected next year. The calculation includes salaries of locally-hired staff, contracts, rentals, communications and purchases by both official agencies and individuals. The inflow had already shrunk over recent years with changing spending patterns.

Bavaria takes the biggest share, estimated at $2.3bn last year, falling to $1.55bn in 1991 and $1.33bn in 1992.

However, in Schwabach's 16th century town hall, Mr Reimann doubts if the economic effects of closure will really be significant. Only 21 local employees worked at the base. Taxi firms will lose custom. But few businesses depend on the Americans: two or three bars, according to Mr Reimann, "and we can do without them".

One of those is the Harlekin, a tacky disco bar close to the base with pinball machines and a pool table. The male clients are almost exclusively Americans. The despondent Greek proprietor is thinking of turning it into a more up-market "rock bistro" when the last troops leave.

On the surface, town and barracks have had little to do with each other. Mr Reimann, a social democrat, says there is nonetheless a feeling of gratitude to the Americans. The problems they created were few. The crime rate was no different from that of any other town with German soldiers based in it. Only a few older people looked on the Americans as an occupying power. US soldiers were stalwarts of the angling club. "But not every American had a German friend and not every Schwabacher had a friend in the barracks."

Will die Amis have left a mark at all? "It's certainly not visible," Mr Reimann admits. "I feel rather that the Americans here in Europe have learnt and absorbed something." But he is reluctant to think that Schwabachers will simply forget their long cohabitation with the US army. He thinks people may have become more open because of it.

That, according Mr Klaus Matusche, owner of the toy shop on the main square, would be no bad thing if it were true. He did not rely on the Americans, but used to do good business with them. Closure of the base will have a negative effect on the area, he says.

"I find it a shame. They were not unpopular. They were part of Schwabach. The Americans have a different mentality, always friendly, not pushy at all. For me Schwabach will lose some of its attraction." The Americans, Mr Matusche says, gave the place an international flavour. "This will be gone."

From now on, Schwabach will go back to being just a small town in Germany.

A cocktail of Umbanda spirits

LETTER FROM

RIO

"Which spirit do you want to talk to?" asked the white-robed attendant handing out plastic tokens from a cinema-style box-office. It was the Night of the Wise Old Negro and there were 15 mystifying choices. A red token would grant a session with The Indian Who Breaks Trees, a blue one with The Dispeller of Doubts and a pink one with Little Rosa.

Settling for the Tree Breaker who was to speak through Nelson Gomes, the master of ceremonies, I was shooed into place by a man calling "white seats for the women, green for the men". The week before Christmas, high summer in Rio, it was so humid that sweat trickled down the devilish symbols painted on the hall's eggshell-blue walls.

Attention focused on an intricate altar set in a large cavity fringed by lace curtains. Beneath a statue of Jesus Christ stood various figurines including a ferocious St George on his white steed, a candy-pink Shirley Temple, a reclining ancient Greek, a bleeding Lazarus, an armed gladiator and a selection of Indians with splendid head-dresses. On the floor sat an enormous wooden black woman in white lace representing the Granny spirit.

A hush descended as a game-show-type buzzer sounded and an amber light flashed "silence". To the pounding of two African drums in swished Nelson, a puffy-faced ginger-haired character, clad in white and jangling rows of coloured plastic beads. Shuffling behind him came a pigmy woman with a pot of burning cannabis.

Sweeping his arm to his forehead then towards the altar Nelson began chanting to the spirits, waving smoke over the congregation and his attendants. Moaning and swaying with abandon, he was not oblivious to the material world, gesturing to me to uncross my legs – that disturbs the current of spirits – and to keep away from the doorway which acts as a gateway for devils.

The pace quickening, Nelson and his followers began swirling frenetically. Turning to their right they called through the door to the devils in the streets, then knelt as Nelson rang the bell over the heads and summoned the Indian in the Village By the Cashew-nut Tree. Stretching out his hand to receive the spirit, suddenly Nelson's face contorted horribly, his eyes rolling. Now possessed by an Indian, he seized a fat cigar which he sucked deeply in between emitting strangulated whooping noises. Gradually the initiates and novices around him followed suit lighting up cigars and making yelping sounds, occasionally clasping each other.

This is Umbanda, Rio's version of the Afro-Brazilian cults which are Brazil's second most popular religion. Its roots lie among the African slaves brought to Brazil's north-east last century who in captivity continued their trance-provoking rituals, disguising their gods as Catholic saints. Oxum, the god of war, became St George and Iemanja, the sea goddess, doubled as the Virgin Mary. Umbanda, which developed later in Rio, adds 19th century French spiritualist concepts such as reincarnation and a uniquely Brazilian universe of spirits of Indians, children and slaves who used voodoo to protect themselves against the misdeeds of their white masters. Umbandistas believe we live surrounded by spirits with a fine line between the human and supernatural worlds which can be bridged by a master of ceremonies enabling spirits to take possession and impart advice.

Nelson's thrice-weekly sessions take place in the Spiritualist Tent of Captain Person in Rio Comprido, a lower middle-class suburb of Rio under the shadow of the city's towering Christ statue. They attract about 200 people of varying backgrounds – teachers, shop assistants, rich housewives, maids – who arrive by bus, car or foot but become equal once dressed in the white garb of novices or initiates.

Dr Patricia Birman, an anthropologist at Rio university, says: "There is no Brazilian Catholic who doesn't at some point resort to an Afro-Brazilian cult."

Around Christmas on fashionable Copacabana beach bemused tourists look on as people dance in circles around sand altars mounted with statues of Indians and Christian saints surrounded by bowls of beans, quails eggs and popcorn which they throw over each other for "cleansing". On New Year's eve 1m people gather on Copacabana, dressed in white to toss roses and cosmetics to the waves hoping to please the goddess Iemanja.

All over the city people lay offerings of rice, lighted candles and empty perfume bottles on corners to the devil of the seven crossroads. Brazil may contain the world's largest Catholic community but Brazilians see no conflict in attending church one night and summoning up spirits on another. In fact, though Umbanda is under threat from Brazil's current explosion of Pentecostal sects appealing to Umbandistas to exorcise themselves, many followers carry on summoning spirits on Monday and exorcise them on Thursday.

Umbanda sessions replete with music and sugar-cane liquor seem suited to Rio's hedonistic atmosphere and a society always hoping for a miracle to save it from the latest economic crisis. Most present at Nelson's sessions claim they have solved some problem through Umbanda. Stella Madruga, 85, has been coming for 17 years since on Nelson's advice her uncle avoided taking a boat that sank. She says she comes for protection. Indeed, Dr Birman describes the typical congregation as a "mix of people wanting protection against evil spirits and those calling on them".

This is the black side of Umbanda – people calling up the spirits hoping to cause harm or even death to their enemies. Until 1970 it was banned because of the potential for misuse and Nelson admits that more people use Umbanda for bad purposes than good.

On the Night of the Wise Old Negro, Nelson rolls his eyes and clicks his fingers in an alarming manner after I present my coloured token for the consultation with the cigar-smoking Tree Breaker possessing him. He tells me most people want jobs, health, money or revenge and that I will always travel a lot. Cynically I think to myself that this is an easy prediction given that he knows I am a foreign correspondent, though secretly wish that I was his next client whom I hear him tell is full of love, was a Sudanese princess in a former life and should always be surrounded by white roses.

Christina Lamb

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هكذا من الأصل

The Scots are growing apart from the English. **James Buxton** considers why they feel so different

A marriage with nothing in common

When England beat Scotland in the semi-finals of the rugby world cup in October, Scots did *not instinctively* transfer their support to England as the United Kingdom's remaining representative in the final: many went to Twickenham loudly proclaiming their allegiance to Australia, which defeated the English.

It was just a small example of the anti-English feeling that has been growing steadily stronger in Scotland in the last few years.

A Scots father in Morningside, the quintessential middle-class Edinburgh suburb, says his 18-year-old daughter and her friends "talk like rabid Scottish National Party members – if they were in England you'd expect them be young Tories." Increasingly, he says, Scots up the age of 50 or 60 describe themselves as Scots rather than British.

As Scots tonight celebrate Hogmanay, a New Year's Eve binge heralding a two-day public holiday the scale of which further differentiates the Scots from the English, it is worth considering why Scots feel so different from their neighbours south of the border; and asking why things have reached the point where 80 per cent of Scots say they want either a Scottish parliament or total independence.

In the mid-19th century, the English historian Thomas Buckle described "the essential antagonism which still exists between the Scotch and English minds". It was remarkable, he said, because the two nations were contiguous, mixed together, spoke the same language, read the same books, belonged to the same empire – "and yet are, in many respects, as different... as if they had never had anything in common".

England and Scotland formed the union in 1707. Scotland merged *its parliament* with that of England but retained its separate legal system, its more advanced education structure and its separate Presbyterian church. The last two of these have had crucial effects on the Scottish character.

Mr Paul Scott, a retired British diplomat who is now arts spokesman for the Scottish National Party, has written that the Scottish character can be summed up in the Roman virtue of *severitas*, which means being stern with oneself. That embraces, he says, having a sense of the importance of the matter in hand, firmness of purpose, appetite for hard work and simple tastes.

That means Scots may be more reluctant to compromise than the pragmatic English, be more cautious and thrifty, be less likely to flaunt accumulated wealth or newly acquired status and be more collectivist in outlook.

If all that sounds rather sanctimonious, look again at that stern Scottish accountant in England or at an uncompromising Scottish trade unionist (two fields in which Scots are strong south of the border). *Even* pragmatists such as Mr John Smith, the shadow chancellor, would not necessarily object to being portrayed in these terms. Note too, that Scottish self-made millionaires, unlike their English counterparts, do not usually live in country mansions.

The Duke of Queensbury presents the Act of Union (1707) to Queen Anne

Mr George Rosie, a Scottish journalist and writer who wants Scottish independence, is rare in admitting that he admires and likes the English. In fact, he says, "I think I actually prefer my English friends to my Scottish ones. They're more confident, more relaxed and less *defensive*".

It is their confidence, even ebullience, which often differentiates the English from the Scots. The English person living in Scotland is quickly betrayed by his or her accent and is not readily invited into Scottish people's homes. By contrast, it has been said that the Scot living in England is automatically accorded the status of honorary Englishman (though Scots dismiss this as an example of the English patronising them).

There are also more profound historical forces at work. Mr Robin Angus, an Edinburgh investment analyst who is a strong nationalist, believes that Scotland and England are now "like a married couple who suddenly find they no longer have anything in common". Scotland, he says, was never expunged as a nation after 1707 but co-operated happily with England in building up and running the British empire.

"The Scots saw the empire as something British, the English saw it as the creation of a Greater England," he says. "Similarly they regarded the union as a genuine pooling of sovereignty by two states. No *Scot, however committed to* the union, will ever say England when he means Britain. The English, to our great annoyance, do it the whole time."

According to Mr Angus, Scottish antagonism to the English only began to develop when the government in London massively extended its intervention in everyday life with the beginnings of the welfare state from 1909 and the enormously increased powers it took and retained when the First World War broke out. "Until then the Scots did not feel much English influence at home," he says.

Disillusionment deepened as the empire declined, and the Scottish economy, whose shipbuilding, engineering, coal and textiles had thrived on imperial trade, shrank. As Mr Rosie puts it: "It was one thing being a junior partner of the most successful nation in the world, and quite another being thirled [bound] to a declining giant."

The 11 years of Mrs Margaret Thatcher's prime ministership accelerated this estrangement of England and Scotland, many Scots believe. It is ironic that many of Mrs Thatcher's professed values – thrift, for *example – are exactly those* claimed by Scots. But she was perceived in Scotland as having no sympathy for losers while fostering greed.

Mr Scott says: "Scots don't regard material gain as the most important thing in life, yet that was what Mrs Thatcher seemed to preach. *That is why even Scots who* benefited from the poll tax were against it – they felt it was unjust."

Mr Rosie believes independence would force Scots to take responsibility for their fate and stop blaming the English for all the ills of their country. "We are too content to be like Hudson, the butler in Upstairs Downstairs, playing second fiddle. I've every sympathy for English people who get fed up with the Scots whingeing and not doing anything about it," he says.

These developed nationalist views are at the extreme end of the Scottish political spectrum, but still articulate attitudes many people feel. A substantial minority of Scots – 35 per cent – say they want independence. They are outnumbered by the 45 per cent who would like a devolved parliament of the kind which the Labour party is promising if it wins the general election – an election that promises to be a watershed for Scotland.

The remaining 20 per cent oppose any constitutional change. Significantly, this includes many in the Scottish establishment, a cohesive group of perhaps only 2,000 leaders of professional and business life, who do reasonably well under the present arrangements with England but still resent the centralisation of power in London.

Professor Jack Shaw, deputy governor of the Bank of Scotland, which derives half its business from England, argues that many of the Scots' feelings of being ignored by London are not so different from those of people in North Yorkshire or other outlying parts of England.

"The fact that we have institutions such as our own Court of Session or our own Institute of Chartered Accountants gives us an advantage compared with those areas in resisting some centralising tendencies and keeping people here who might otherwise go south.

"If I thought devolution or independence would create a society in Scotland that would bring back energy and talent and wealth creation, I'd buy it. But I don't think it would. Any constitutional change for Scotland ought to be part of a European scheme of devolved regions."

*That may sound comfort*ingly pragmatic to English ears. But it may be difficult to sell to Scottish nationalists who see new nations being created by the minute in eastern Europe.

Fallen idols of the age of economic miracles

FT writers review some of the year's business books about the rich, roguish and receiver-ridden

Stories of late-1980s takeover bids, leveraged buyouts and economic miracles now have an almost fairy-tale quality. Perhaps for that reason, in the recessionary climate of 1991 the fallen idols of capitalism have continued to fascinate the book-writing trade. The results have been mixed – and not always scrupulous about separating fact from myth in the way that the financial community is now painfully having to do.

In **Den of Thieves** (Simon & Schuster, $25), James B Stewart knits together several of the most notorious Wall Street scandals – from Dennis Levine's insider trading operation to the collapse of Drexel Burnham Lambert, and the imprisonment of Michael Milken, its junk bond king. It is a detailed and entertaining account, but dishonest. The book purveys hotly disputed allegations as incontrovertible fact. This is no academic quibble: Milken is the subject of multi-billion-dollar legal actions, led by US regulators. Den of Thieves is a case for the prosecution, made without regard for spoiling facts or counter-arguments.

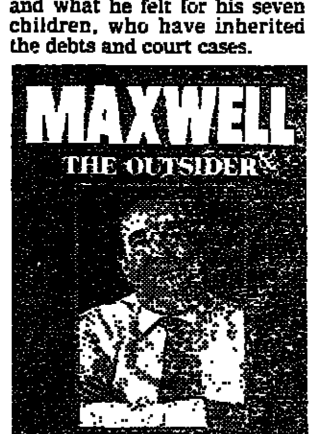
The Sultan of Berkeley Square (Macmillan, £16.99) is more careful with the truth. Its subject is Asil Nadir (fast cars, beautiful women, Krug, and Bond Street antiques), the Turkish Cypriot businessman who turned Polly Peck, an East End rag trade company, into a global corporation based on fruit and consumer electronics. Tim Hindle's study is certainly colourful, albeit not profound.

Another readable debunking of a 1980s hero is John R O'Donnell's **Trumped** (Simon & Schuster, £15.99). Donald Trump, the indebted New York property developer, was not content with fiddling as his empire crumbled; he swore, womanised, bullied and misjudged, according to this ex-employee. O'Donnell, now working for a rival casino operator, may not be the most impartial observer.

Sir James Goldsmith, the financier who turned gambling skills into business success, and deftly rode the ups and downs of the stock market cycle, receives a kinder treatment from Ivan Fallon. **Billionaire: The Life and Times of Sir James Goldsmith** (Hutchinson, £18.99) is a thorough, if rather soft, biography. Wisely perhaps, Sir James appears to have retired to his Mexican retreat for the 1990s. If markets boom again, he could be back.

The same cannot be said for the late Robert Maxwell. In **Maxwell: The Outsider** (Mandarin £4.99), Tom Bower chronicles Maxwell's life in detail. Three chapters added since Maxwell's death on November 5 cover his final four years and are illuminating on his relationship with Goldman Sachs, the US investment bank.

Frustratingly, the book is less revealing on Maxwell's psychology: why he drove his empire to financial collapse, and what he felt for his seven children, who have inherited the debts and court cases.



Alongside the scandals and corporate collapses, 1991 has also witnessed renewed soul-searching about the more fundamental issues of corporate governance. It has been a year of increased controversy, for example, about executive pay – especially in the US, where over the past two decades chief executives of the top companies have increased their pay by more than 400 per cent and now receive an average of $2.8m a year, far more than their Japanese or European counterparts.

In Search of Excess – The Overcompensation of American Executives by Graef S Crystal (Norton, $19.95) penetrates the greed, manipulation and sometimes deceit which fosters the munificent pay that modern CEOs demand and receive – even when profits and share prices plunge.

At the centre of such debates is the critical relationship between providers and users of capital. **Short-Term America, The Causes and Cures of our Business Myopia** by Michael Jacobs (Harvard Business School Press, $24.95) differs from others on the "short-termism" theme in being a readable and well-argued analysis. The pressures of short-termism, says Jacobs, have prompted shareholders to avoid involvement with the long-run management of companies they own. When they disapproved of management the simplest thing was to sell their shares. But this only opened the door to takeover mania. As a result, managers have even further isolated themselves from shareholders.

An alternative explanation for America's poor productivity record in recent decades is found in **Third Generation R&D** (Harvard Business School Press, £22.95). For too many western companies, argue Philip Roussel, Kamal Saad and Tamara Erikson, innovation means relying on chance breakthroughs by laboratory researchers who have lost touch with commercial realities. Research will procure competitive advantage only if it is integrated into the corporate mainstream.

Both the UK and US government have a different short-term problem: they have *elections pending but their* economies refuse to grow. UK politicians have a ready scapegoat. Christopher Johnson in **The Economy under Mrs Thatcher** (Penguin £5.99) blames her for not joining the European ERM in 1985. The displaced Nicholas Ridley, **My Style of Government: The Thatcher Years** (Hutchinson, £16.99), says she should never have caved in to Mr John Major and joined at all. The question of who is right will provide much food for thought as the New Year begins.

Compiled by Edward Balls, with contributions from Nikki Tait, David Barchard, Barry Riley, Bronwen Maddox, Lucy Kellaway, Paul Taylor, Chris Lorenz, Peter Montagnon, Guy de Jonquieres and Malcolm Rutherford.

LETTERS

From the home to the high street: how spending trends shifted across

From Sir Donald Barron.

Sir, Cliff Pratten ("Bleak tales from home", December 19) refers to the link between the "euphoria" effect of the sharp house price increases of the late 1980s and the simultaneous consumer boom which subsequently had to be damped down by high interest rates to the detriment of the whole economy.

Recent research published by the Joseph Rowntree Foundation throws light on the mechanisms by which this house price boom was converted to a consumer boom.

It is estimated that £24.5bn was withdrawn from housing equity in 1988-89. Part of this was the now well-established sale of inherited houses; another part was the cash raised through higher mortgages by those who are moving house (the "ladder" process referred to by Barry Riley: "Panicky climax to a dangerous game", December 21). Our research shows a third and significant part to be the new phenomenon of raising new loans on the back of the higher value of their homes by those who are staying put. Two-thirds of a large sample of mortgage holders borrowed an average of £10,000 of extra cash – but 60 per cent of this was not spent on the home. "Right to buy" home owners – those who purchase at a substantial discount to market value and hence have a large equity in their homes – play a part in this phenomenon.

Another relevant research project has considered the proposal to increase mortgage *interest tax relief. This demon*strated that, given the slow and delayed reaction of housing supply – for a whole variety of reasons – to housing demand, higher tax relief is quickly built into higher house prices to the particular disadvantage of first-time buyers.

Higher house prices also led private landlords to sell 800,000 houses into owner-occupation in the 1980s. This *coup de grâce* to the steadily declining private rented sector meant that more young households than in any other OECD country have had to stretch themselves financially to become owners.

A third research project published this month looked at a possible solution to the inequities of the present housing benefit system which favours those who rent against those who own – although both may be equally hard-pressed financially. A mortgage benefit scheme to cover the estimated 320,000 vulnerable owner-occupiers on a similar basis to those who rent would cost £400m a year and could be financed by a minor reduction in the ill-focused mortgage interest tax relief subsidy, at present costing the taxpayer more than £6bn a year.

Both the first (1985) and sec*ond (1991) reports of the* Inquiry into British Housing, chaired by the Duke of Edinburgh, made a plea for an end to the tinkering and "quick-fix" approach which has been a characteristic of British housing policy for the whole of this century. A thorough and fundamental reform of the system of housing finance and support would mean a phasing out of tax relief and targeting of support to help less affluent home-owners and to revive the rented sector.

These three research projects, and much of our other work in the housing field – as well as the repossession crisis, strongly support these recommendations.

Sir Donald Barron,
chairman,
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York YO3 6LP.

D-Mark needs to be tough

From Mr Alec Banks.

Sir, Your Europe editor, David Marsh, upbraids the Bundesbank for increasing interest rates by 0.5 points ("Bundesbank sees to Number One", December 20) on the grounds "that it has served notice that it is still tailoring its economic policies strictly in the interests of one country – itself", and that it "diametrically contradicts the wishes of most of its European partners".

How long will it take to realise that the most economically successful European power has concentrated on one aspect only of its currency – maintaining its value. The main reason it causes problems for its neighbours is that they fail to do the same.

Two consequences of the Bundesbank's action, Mr Marsh says, are (1) that it "will further jeopardise the aim of bringing down high budget deficits across the EC" and (2) that it "is likely to increase scepticism about Germany's true commitment to Emu".

The grumble in (1) is, presumably, that the less sound currencies will have to go all the way to the sound ones rather than be met half way. And with regard to (2), if my currency were the D-Mark, I should want the authorities to take every possible step to keep it away from the influence of all those European politicians so prone to the easy economic options.

The weakness of the pound is the result of many years of failing to give priority to maintaining its value. If we had followed the straight and narrow economic path, our interest rates would now be lower than Germany's because Germany has to deal with the inflationary conditions of union.

But confidence is a tender plant which takes a long time to grow. Even France, which has achieved a lower inflation rate than Germany's, is not yet reaping the full reward of its steadfast policies.

Finally from Mr Marsh: "The Bundesbank is, in effect, saying unless Emu is founded on rock-hard anti-inflationary principles, it cannot be worth forging." But if Germany does not supply the toughness in the economic rules for Emu, who else will? Or perhaps no one else really wants them.

Alec Banks,
Newstead, Stamford,
Lincs. PE9 4TF.

Let us not allow the pensions issue to fade away

From Mr P.R. Goode.

Sir, For millions of people, a pension is their best financial asset, even better than a house. We now need urgent action by government to introduce legislation to protect the rights of pensioners and employees.

A new pensions act is long overdue to ensure tighter legal controls over management of pension funds. Legislation should cover the following:

- The appointment of an independent professional trustee, with a casting vote;
- The appointment of a pensioner trustee;
- The board of trustees should have an equal number of employee-pensioner trustees as there are employer trustees;
- *No pension funds should* be invested in shares of the employer company or lent to other members of that group;
- Actuarial valuations and general financial information on pension funds and how the underlying funds are invested, should be made available to pensioners on a regular basis immediately they are available to the trustees;
- Pensioners should reap the benefit from surpluses in their pension funds. Most are only awarded 2 to 3 per cent each year, even when inflation is much higher. At the other end of the scale some pensioners receive inflation proofed pensions.

Legislation to ensure that pensioners receive inflation percentages or other benefits when their fund is in surplus, is necessary;

- Pensioners should be provided with an annual financial statement and a figure for their own share in the fund, with the right to take that share out into a pension scheme of their own choosing.

Pensioners and employees have a right to know the details of their pension fund, their most important financial asset and be satisfied it is well managed and secure.

The massive publicity given to the disastrous management of the Daily Mirror pension funds drew attention to the problems in present legislation. We must not rest until the necessary legal controls are introduced to safeguard the rights of individual employees and pensioners.

Mr P.R. Goode,
4 Seeleys Court,
Orchard Close,
Beaconsfield,
Bucks HP9 1TW

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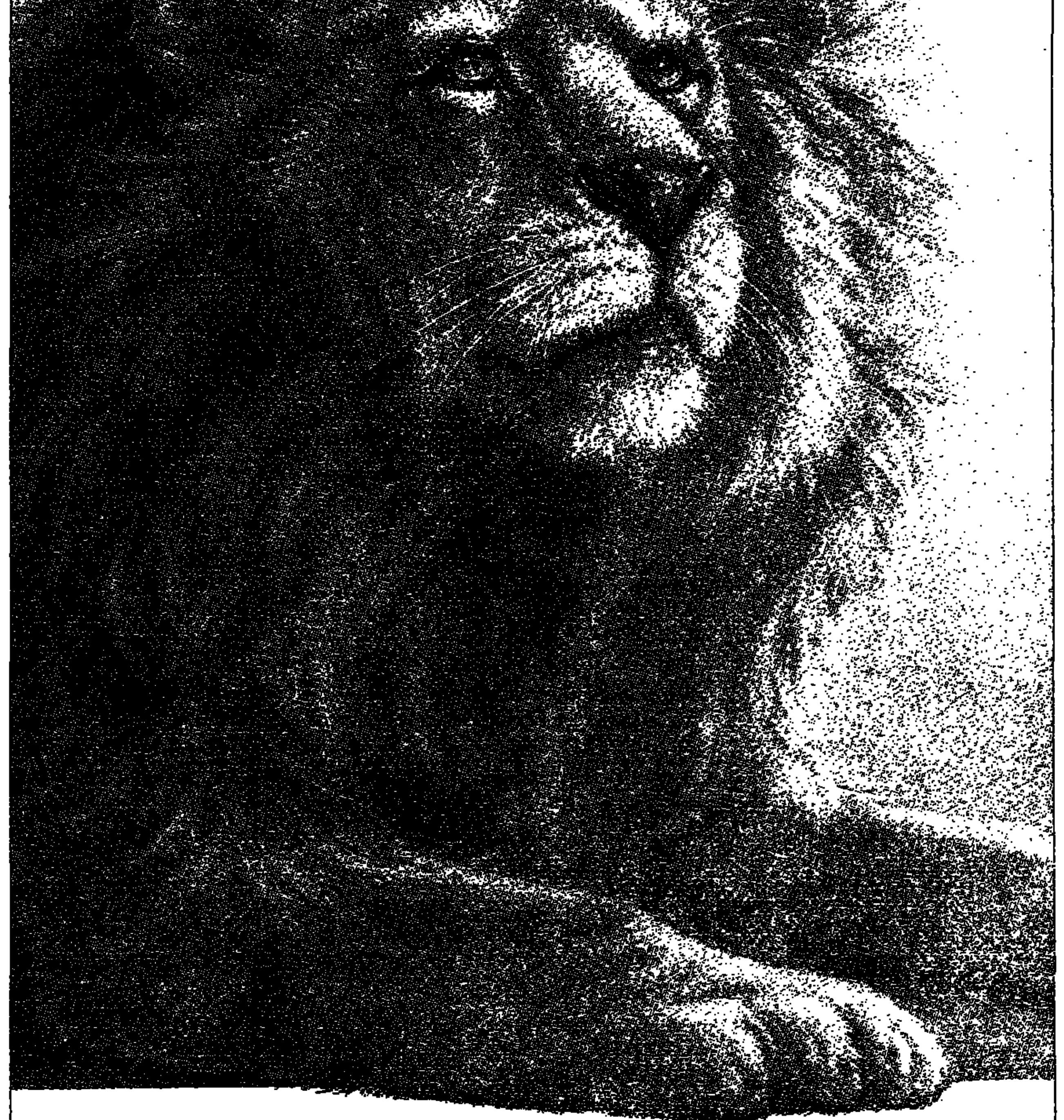

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Chancellor defies union warnings to issue call for 'social peace' to secure new jobs

Kohl urges restraint in 1992 pay round

By Christopher Parkes in Bonn

CHANCELLOR Helmut Kohl yesterday stepped into the minefield of Germany's 1992 pay round, defying repeated union warnings that political interference could lead to serious trouble.

Calling for "social peace" and "rational" talks between employers and unions, he said in a televised new year message that negotiators had it in their power – this year more than ever – to reinforce economic growth and to secure as many jobs as possible.

He issued a thinly disguised warning that stability, the cornerstone of west German economic success, and recovery in the east could be undermined if management and unions did not exercise restraint.

Mr Kohl pressed home his call for moderation in an article written for today's edition of Handelsblatt, a business daily. With one eye on the public service union's 9.5 per cent claim, he reminded state governments that they must stick to "frugal budget policies".

"In addition, pay negotiators must follow a policy which allows room for increased investment. Our experience in the 1980s shows that a sense of proportion in pay policy produces big increases in real income and record numbers of new jobs," he wrote.

His intervention, made against a background of slowing growth, new forecasts that

Kohl tries to calm fears over summit ....Page 2

500,000 more east Germans will lose their jobs in January alone, and strike threats from steel unions, marks pay restraint as Bonn's new domestic priority.

While friction has increased between employers and unions over the Christmas holiday, the government has also been drawn into the fray by industries' claims that its policies have created intolerable cost burdens which are driving investment out of Germany.

Mr Klaus Murmann, head of the BDA employers' association, yesterday demanded a "fundamental change of course" in German pay, taxation and social policy. Pay rises must "once again be dependent on productivity", he said. Since productivity was expected to grow by only 2 to 3 per cent in the new year, "claims of 10 per cent and more are wholly unrealistic".

"We must decide what our priorities are: stability for further growth or the fulfilment of people's demands," Mr Murmann added. Business faced higher health insurance costs next year, he said, and claimed that bigger contributions for pensions and social security could also be expected.

The immediate problem, however, is the wave of pay claims of about 10 per cent put in recently on behalf of steel, banking and public service workers. Mr Hans-Joachim Gottschol, leader of the metal and electrical industries' association, which is expecting a similar demand early in the new year from the 4m-strong IG Metall union, said at the weekend the manufacturers were prepared to fight. They could not afford a settlement like last year's 6.7 per cent.

He warned of the dangerous trend among engineering companies moving manufacturing outside Germany, and claimed that he had been contacted by 40 companies which wanted to shed 40,000 jobs.

Russia plans crash privatisation to stave off financial collapse

By John Lloyd in Moscow

FOREIGNERS will be able to buy shares in Russian companies and will be offered full ownership of lossmaking enterprises and unfinished construction projects in a Rbs92bn planned sale of state assets announced yesterday.

Mr Yegor Gaidar, the Russian deputy premier in charge of economic reform, gave details of the plan which he said would be pushed through next year in an effort to stave off financial collapse.

The programme envisages a crash sale of shops, small businesses, wholesale chains and other enterprises in an effort to introduce some price-cutting competition when prices are liberalised on Thursday. Privatisation of large enterprises and oil and gas exploitation will require special government permission – although if this is granted, foreigners would also have a right to invest.

Mr Gaidar said further decrees on the privatisation of land and the sale of private flats will soon be published.

The difficulty for foreigners, who are now being encouraged to invest, is that there is only a rudimentary and chaotic banking structure to support privatisation, and no well-developed system for assessing the worth of assets bought. It is also unclear if foreigners will be allowed to own the land of the assets they buy.

In his new year speech on Sunday evening, Mr Boris Yeltsin, the Russian president, said the debts owed to Russia, totalling around Rbs60bn ($35bn on the inflated commercial rate, but only $60m at most on the current free rate) would be

Trade and industry goes under the hammer...Page 2

sold. This reflects the country's desperation for instant hard currency. These debts were owed to the former Soviet Union by various eastern European countries.

Bankers advising the government have urged the move in face of the technical bankruptcy of the Vnesheconombank, the foreign economic affairs bank, and of the need to service debt and import food and essential machinery.

Mr Gaidar pointed to the importance of making privatisation "acceptable to society". To that end, workers will be given 25 per cent of the shares of privatised enterprises, or 10 per cent of the price of a company bought outright. Some 20 per cent of the money raised from these sales will be set aside for social purposes.

Mr Yeltsin in his broadcast and Mr Gaidar yesterday said the government would keep a tight control of privatisation – to prevent "wild privatisations" which have meant enterprise directors becoming owners of the assets they formerly managed for the state.

● Mr Islam Karimov was yesterday elected president of Uzbekistan, the most populous (20m) of the Central Asian republics. His election, with 86 per cent of the vote over Mr Mukhammed Solikh, a poet and leader of the Erk Democratic party, confirms the trend in the Central Asian states towards voting for the former leaders of the now disbanded communist parties.

Sir David Wilson: steered the colony through difficult time as the handover approaches

Wilson to retire as governor of Hong Kong

Continued from Page 1

whether a politician or civil servant should hold the post.

Sir David has dealt with anumber of key issues, including the flood of Vietnamese boat people into Hong Kong's camps, the award of UK passports to some Hong Kong residents, and the airport agreement.

He handled the sensitive situation arising in Hong Kong from the Tiananmen Square massacre in Beijing in 1989, oversaw the first direct elections to the Legislative Council and has seen the colony's rapid economic growth falter and inflation surge.

Walk, don't chew, says sanitised Singapore

By Alexander Nicoll, Asia Editor

SINGAPOREANS cannot walk and chew gum at the same time - and that's the law.

The government, anxious to make the squeaky-clean island state even more litter-free, yesterday announced a chewing gum ban.

The measure is the latest in a series of restrictions on the activities of Singaporeans which contribute to the country's image abroad as a sanitised, tightly controlled place in which the rights of the individual are limited.

In recent years, the government has conducted campaigns, backed up by stiff fines, against leaving public toilets unflushed, spitting, littering, smoking in public places and jaywalking. There is strict censorship. Car ownership is subject to a quota system.

According to the environment ministry, chewing gum had prevented commuter train doors from closing, causing disruption of services and inconvenience to passengers.

"Littering by chewing gum has been a perennial nuisance which causes filthiness to our public facilities and estates," it said. "The government has therefore decided to ban the import, sale and manufacture of chewing gum from January 3 1992."

Singaporeans often see such restrictions as contributing to the public good and argue that banned activities are genuinely undesirable in a place where every square metre is valuable.

The country's nearly 3m people live in just 570 square kilometres, with tough environmental controls.

How the government will enforce the new ban was unclear yesterday, although it did say convicted litterers will be sentenced to clean-up duty.

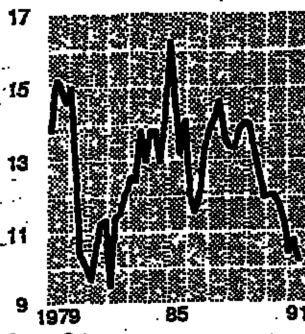
THE LEX COLUMN

Year of frustrated hopes

FT-SE Index: 2,420.0 (+1.3)

Corporate profits

As a percentage of GDP



Source: Datastream

Ten days ago, it would have been difficult to find anything to enliven the gloom. Then, suddenly, the US discount rate sparked a Wall Street rally which spilled over into London and other European stock markets. That may raise a nagging doubt in the minds of determined pessimists. Yet, looking back at the forces which shaped the year just gone, it is still hard to see much rational ground for UK share prices to stage a sustained recovery in early 1992.

Admittedly, expectations erred on the side of optimism a year ago. The supposition then was that economic recovery would follow fairly hard on the heels of an allied victory in the Gulf, not least because the threat of higher oil prices would evaporate. Admittedly, too, UK pessimism now looks dangerously pervasive.

Consider, though, what it would take to turn market sentiment round. There would have to be expectations of an imminent cut in D-Mark interest rates – unlikely as long as German money supply is growing right at the top of its target range. Consumer confidence would need to be boosted by recovery in the housing market – scarcely conceivable at a time of renewed upward pressure on interest rates. The Major government would have to start moving ahead in the polls, but that is again unlikely unless the first two conditions are fulfilled.

Total returns

That said, last year as a whole has not been as bad as the market's dismal performance over the last quarter would suggest. Preliminary calculations by the WM company suggest the total return on UK equities in 1991 was 17 per cent, behind the 32 per cent sterling return on US equities, but well up on the 11 per cent and 13 per cent for Japan and Continental Europe respectively. The Footsie closed yesterday 13 per cent above its close of 2,143.5 a year ago.

Though the starting point may well have been artificially depressed by the Gulf crisis, that suggests the market correctly managed to discount the end of the recession. Its mistake in the summer was to try to discount the actual onset of recovery. Even when the index peaked at 2,679 in August, equities still looked cheap in relation to both gilts and Wall Street. Why could the market not hold that level?

At that stage, investors only dimly perceived the extent of the monetary squeeze that loomed in Frankfurt, but sterling was already threatened by a combination of political risk and high German rates. That left only limited room for further cuts in interest rates, which were needed to secure the recovery.

Corporate profits

By the late summer, it was also slowly dawning that corporate profits, which had fallen by an annualised 14.5 per cent in the first half, were not poised to recover in the second. The British Aerospace rights issue was a stark reminder that most such calls on investors' cash were needed to repair balance sheets rather than to finance capital investment for recovery.

The trouble with these background factors is that, though less immediately dramatic than the collapse of the Maxwell empire, none of them constitutes a once-and-for-all shock from which to rebound. Instead, they have remained with the market and, if anything, intensified as the year has drawn to a close.

There is now a real fear, aggravated by sterling's weakness, that the next move in interest rates will be up. That is hardly a recipe for revival either in the property market or of capital spending. It is difficult to see where any recovery in profits is coming from next year. Even if one were to materialise, there is not much scope for higher dividends when companies have been so reluctant to cut them as earnings fell in the recession.

Takeovers

It is hardly surprising that the takeover euphoria which followed Hanson's apparently abortive swipe at ICI has disappeared. Latterly, takeovers have generally involved conglomerates who live by such activity. Hanson paid cash for Beazer, but that was a rescue anyway. The reluctance of other bidders to put much new cash on the table has hardly been an incentive for the market as a whole.

Still, the optimists could argue that the market should be looking forward rather than back. Base rates are 4½ percentage points below their peak. Arguably, the full benefit of that is yet to come. Government spending is due to rise 11 per cent in the next financial year. Core inflation is headed lower and unit labour costs could even be falling next year. The OECD is forecasting 2.2 per cent growth for the UK next year, so it clearly believes in recovery, or at least it did before the latest German rate rise.

Even if there is some nervousness surrounding the election itself, the outcome should make little long-run difference to equities. Now that both leading parties are committed to the European exchange rate mechanism, there is little scope for differentiation in the overall thrust of economic policy.

The problem with the political background, however, is not only the risk that a Labour victory would undermine share prices in the short term. There is also the possibility of a hung parliament which would add to market uncertainty. Nor is there much to inspire confidence in the international arena. The Gulf war may be won but the disintegration of the Soviet Union poses a new potentially longer-term threat to economic confidence.

Quite apart from the constraint it implies for UK policy, the Bundesbank's twist of the monetary screw threatens to induce a slowdown in Germany and the rest of Europe which militates against an expert-led UK recovery. The US rate cut coupled with a probable dose of fiscal stimulation may eventually put the local economy back on the road to modest recovery. But the price of low interest rates looks set to be a weak dollar, which will reduce the sterling value of whatever profits UK companies can manage to make across the Atlantic.

If the main lesson of 1991 was that the market tried to anticipate recovery too soon, it does not look like one which will need to be unlearned early in 1992. At least not with real interest rates of over 6 per cent.

Japanese bank bears a gift for growth

Steven Butler looks at the reasons behind the cut in the official discount rate

NEW YEAR, not Christmas, is the time for gift giving in Japan. Mr Yasushi Mieno, governor of the central bank, appeared to have caught the spirit early yesterday morning when he surprised the financial community with a half-point cut in the official discount rate.

The cut was the second in less than six weeks and the third this year. It brings the ODR to 4.5 per cent when the economy appears to be cooling rapidly.

The interest rate cut has a simple purpose: to bolster sagging business confidence in order to prevent a slowdown in economic growth from turning into a slump. Mr Mieno said yesterday the cut had been timed to precede the last quarter of Japan's fiscal year, when most companies would be finalising investment plans for the year starting in April.

The cooling of the economy has until now not been the central bank's principal concern. Rather, Mr Mieno has been attempting to bring economic growth down to a sustainable level, with prices under control and with full employment.

Until July, Mr Mieno kept the ODR at 6 per cent, against 2.5 per cent in early 1989, to rein in an economy suffering from rampant inflation in asset prices which had begun to spill over into consumer prices.

Japan's consumer price increases had averaged less than 1 per cent a year for three years until 1989, when they began to rise. They peaked at 4.2 per cent in November last year. Last month the figure had fallen to 3.1 per cent, or 2.3 per cent excluding the price of fresh food which has been boosted by bad weather. Tokyo prices in December rose at an annualised rate of 2.9 per cent, the first increase below 3 per cent in more than a year.

Domestic wholesale prices, meanwhile, have been declining – by 0.1 per cent last month and an annualised 1.5 per cent in the second 10 days of December.

Mr Paul Summerville, economist at Jardine Fleming Securities, said: "They know they are going to have moderation in inflation for at least another year." With this under control, Mr Summerville believed the weakening of the dollar over the past week provided the chance to cut rates without putting the yen under strain. The dollar surged against the yen in early morning Tokyo trading after the rate cut was announced, but ended the day at Y125.83 up only Y0.08 compared with Friday's close.

The stock market, meanwhile, staged a moderate rally in thin half-day, pre-holiday trading, with the Nikkei average ending the day up 546.45 at 22,983.77.

The timing of the cut won Mr Mieno praise from business and political leaders. Most observers had expected the central bank to continue its cautious stance and to wait until February or so before cutting rates again. The politicians have a special reason to be grateful to Mr Mieno.

Mr George Bush, the US president, arrives in Tokyo next week with a long list of grievances concerning Japan's persistent trade surplus with the US. That surplus has mainly held steady in the past year, increasing slightly only in recent months, in spite of a long recession in the US. Worldwide, Japan's trade surplus has been soaring all year, in part because the slowdown in the Japanese economy has reduced demand for imports.

With the Bank of Japan taking steps to stimulate the economy, Mr Bush may be able to cross one of his grievances off the list. Mr Tsutomu Hata, Japanese finance minister, yesterday praised the timing of the rate cut and said it would meet US expectations.

Mr Mieno denied the rate cut was in any way related to Mr Bush's visit. Given Mr Mieno's proven ability to resist political pressure, there is no reason to doubt him, even though the timing is undeniably convenient for the government.

There is every reason to believe what Mr Mieno says: that he is trying to steer a delicate course that will cap inflation, keep employment buoyant, and allow acceptable economic growth next year.

So far his record is impeccable. The enormous economic froth whipped up by years of easy money during the late 1980s has been neatly skimmed off with relatively little impact on the real economy. Property prices have tumbled, but not collapsed. The stock market has been stalled. Mr Mieno appears to have driven home the message that the Japanese, like everyone else, have to work for their money.

Corporations complain about the higher cost of capital, but in fact capital costs in Japan are now simply more in line with those elsewhere in the world. And although corporate liquidity has fallen, it is low only by the inflated standards of the previous few years.

The government has recently lowered its forecast for economic growth in fiscal 1992 from 3.6 per cent to 3.5 per cent. Private forecasters have generally predicted lower growth because of the plunge in business confidence and reduced plans for capital spending. Most had assumed, however, that the Bank of Japan would delay further cuts in interest rates until well into the new year. Tokyo's business district was uncharacteristically quiet yesterday evening as hundreds of thousands of Japanese packed up early and left to spend the long new year holiday with their families.

Businessmen will return to work next Monday having digested the significance of the rate cut over holiday dinners. It should then become clear whether Mr Mieno's surprise gift was too little too late, or perhaps just the thing to spark a bit of good cheer.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	S	12	54
Algiers	S	15	59
Amsterdam	C	7	45
Athens	C	4	39
Bahrain	S	18	64
Bangkok	C	27	81
Barcelona	S	10	50
Beirut	S	16	61
Belfast	C	7	45
Belgrade	F	1	34
Berlin	C	5	41
Biarritz	S	7	45
Bombay	S	26	79
Bordeaux	S	6	43
Boulogne	C	8	46
Brussels	C	5	41
Budapest	F	4	39
Buenos Aires	C	30	86
Cairo	S	15	59
Cape Town	S	24	75
Caracas	C	28	82
Casablanca	S	17	63
Chicago	C	0	32
Cologne	C	5	41
Copenhagen	F	6	43
Corfu	S	9	48
Dallas	F	6	43
Dublin	C	9	48
Dubrovnik		–	–
Edinburgh	Dr	3	37
Faro	S	15	59
Florence	S	7	45
Frankfurt	C	2	36
Geneva	S	1	34
Gibraltar	C	15	59
Glasgow	C	4	39
Helsinki	S	1	34
Hong Kong	F	12	54
Innsbruck	S	-1	30
Inverness	C	7	45
Islamabad	F	15	59
Istanbul	F	2	36
Jakarta	R	31	88
Jersey	S	5	41
Johannesburg	F	27	81
Lima	F	26	79
Lisbon	S	9	48
London	C	8	46
Los Angeles	R	10	50
Luxembourg	C	4	39
Madeira	F	18	64
Madrid	S	5	41
Majorca	F	14	57
Malaga	F	15	59
Malta	S	13	55
Manchester	C	7	45
Manila	C	31	88
Melbourne	F	18	64
Mexico City	C	22	72
Miami	S	16	61
Milan	S	5	41
Montreal	S	-8	18
Moscow	S	0	32
Munich	C	0	32
Nairobi	S	24	75
Naples	S	10	50
Nassau	F	27	81
New Delhi	S	16	61
New York	R	2	36
Nice	S	13	55
Nicosia	R	12	54
Oporto	S	12	54
Oslo	F	2	36
Paris	C	6	43
Peking	S	3	37
Prague	F	3	37
Reykjavik	C	4	39
Rhodes	F	10	50
Rio de Janeiro	C	31	88
Rome	S	10	50
Salzburg	F	2	36
San Francisco	C	10	50
Seoul	S	-1	30
Singapore	F	28	82
Stockholm	S	3	37
Strasbourg	C	2	36
Sydney	C	19	66
Taipei	C	17	63
Tangier	S	17	63
Tel Aviv	S	13	55
Tenerife	S	20	68
Tokyo	S	7	45
Toronto	S	-6	21
Tunis	C	12	54
Valencia	S	11	52
Venice	F	5	41
Vienna	C	4	39
Warsaw	F	3	37
Washington	F	6	43
Zurich	C	0	32

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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INSIDE

Banc One in $380m Colorado expansion
Banc One, the Ohio-based regional banking group, plans an all-share merger with Affiliated Bankshares, a banking group headquartered in Denver. The agreed deal, which represents the first move into Colorado by Banc One, values the Denver-based group at $380m.
Page 14

Bond served with A$251m bankruptcy notice

Mr Alan Bond, the failed Australian entrepreneur (right), was yesterday served with a bankruptcy notice at Sydney airport.
Mr Bond is expected to seek a stay of the judgment that he pay A$251m ($187.9m) in personal guarantees to banks led by Hongkong Bank of Australia, a unit of Hongkong & Shanghai Banking.
Page 14

Carolco chief resigns
Mr Peter Hoffman, president and chief executive of Carolco, is to quit the Hollywood film company, which has generated pictures such as Terminator 2, Total Recall and the Rambo movies.
Carolco, which formerly operated an aggressive policy of signing box-office stars, recently had to retrench with a 25 per cent cut in staffing and the sale of equity-based stakes to foreign investors.
The company made a $43.7m loss in the third quarter.
Page 14

Gone fishing
Fish farming is thriving in Greece. Spurred by generous European Community grants and domestic incentives for locating industry in remote regions, Greek entrepreneurs are taking the plunge.
New projects are benefiting from the experience of long-established sea-farming businesses and the problems of breeding and developing cost-effective feeding of marine fish have been tackled.
Page 18

Zale to close 400 stores
Zale, the world's largest retail jeweller, yesterday said it planned to close 400 of its 2,000 stores and implement a "downsizing and cost reduction" programme at its corporate headquarters in Texas. The group also said it was halting all debt payments as part of its "comprehensive financial restructuring".
Page 14

NASD set for early start
The National Association of Securities Dealers (NASD) has announced its early-hours trading service for US stocks will begin operation on January 20.
The service, Nasdaq International, will allow dealers and investors to buy and sell electronically US-listed stocks before US markets have opened.
Although the NASD has admitted that trading on Nasdaq International will probably be relatively light in its opening months of operation, the long-term aim is to win back business lost to overseas markets, particularly in London.
Page 14

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
[illegible]	630	+	14
[illegible]	251	+	11
[illegible]	397	+	36.5
[illegible]	665	+	35
[illegible]	282	+	9
Falls			
[illegible]	627	−	16

NEW YORK ($)

Rises			
[illegible]	15⅞	+	1¾
[illegible]	10¼	+	2½
[illegible]	30⅝	+	3½
[illegible]	24⅜	+	1⅝
[illegible]	11¾	+	1½
[illegible]	17⅝	+	⅞

PARIS (FFr)

Rises			
[illegible]	650	+	50
Credit Nat'nale	948	+	45
Hachette	146	+	10.1
Saint Louis	1187	+	53
Falls			
BIC	640	−	24
From C et Auv	2270	−	110

TOKYO (Yen)

Rises			
Fujitec	1100	+	100
Godo Shusei	2530	+	230
Mochida Pharm	2200	+	200
Shimura Kako	1260	+	160
Takasaki Paper	422	+	39
Falls			
Nippon Carbon	1850	−	180

LONDON (Pence)

Rises			
[illegible]	272	+	15
[illegible]	435	+	16
[illegible]	1453	+	50
[illegible]	402	+	20
[illegible]	311	+	18
[illegible]	105	+	10
[illegible]	41	+	7
[illegible]	555	+	30
[illegible]	126	+	6
[illegible]	22	+	8
Wellcome	1066	+	99
Falls			
Barr & Wall A	137	−	10
Beauford	22	−	6
FNFC	26	−	4
Harvey & Thompson	132	−	13
Midland & Scot	47	−	3
Wyevale	150	−	16

David Waller reports on Morgan Grenfell in Germany
Bridging a cultural divide

Morgan Grenfell, the London-based merchant bank taken over nearly two years ago by Deutsche Bank – Germany's largest and most powerful bank – is feeling pleased with itself.

Earlier this month Pirelli's long running attempt to acquire control of Continental – the large German tyre company advised by Morgan Grenfell – collapsed.

Morgan Grenfell's defence against the Italian predator was hardly inspiring – it seemed to consist of one stalling tactic after another – but it worked, and has been seen to have worked by Germany.

It is less than 18 months since Morgan took over direct responsibility for Deutsche Bank's mergers and acquisitions activities in Germany, and the outcome of the Conti battle is the most visible success that the merchant bank has had in Germany.

It was inevitable when Morgan Grenfell took charge last summer that questions would be raised about the success of the operation. How, for example, would Morgan Grenfell's aggressive corporate financiers fare in the Germany's conservative corporate environment? Given that the German M&A operation was to be managed separately from the Deutsche Bank, reporting directly to Morgan Grenfell in London, how would they get on with the bankers at the parent company?

Competitors at international M&A houses predicted that the corporate bankers at Deutsche Bank would not risk their carefully cultivated client relationships by turning them over to the new squad of deal-hungry Anglo-Saxons. So, according to these arguments, the of the link-up with Deutsche Bank in Germany would in the end prove illusory.

Mr John Craven, chairman of Morgan Grenfell and a main board director of the parent bank says that the hopes of his competitors have not been fulfilled. He acknowledges that there is "still quite a bit to do" but asserts that he and his board colleagues at Morgan Grenfell and Deutsche Bank are pleased with the progress of the German M&A business.

With 28 professional advisers in Germany, DB Morgan Grenfell – as the M&A unit is known in Germany – is the largest M&A team in Germany.

Craven says that Morgan Grenfell has the "sort of access to senior German business that we couldn't possibly have dreamt of two years ago".

Introductions come from Deutsche Bank's main board directors and regional and branch managers, all of whom sit on the supervisory boards of client companies.

Picture: Lydia van der Meer
John Craven: "spreading the gospel" to potential clients

The connections at the local level have been rammed home by a series of marketing initiatives: Deutsche Bank managers have been invited to London and DB Morgan Grenfell executives have fanned out into Germany's regions, introducing themselves to Deutsche Bank's local potentates and their clients. Mr Craven is in Germany up to four days a week, one of which he spends at the Deutsche Bank board meeting in Frankfurt; the rest of the time he is out "spreading the gospel".

Sometimes, according to competitors, the gospel goes above the heads of potential clients.

Craven spoke no German when Morgan Grenfell was bought two years ago and although now he understands "over 90 per cent" of what he hears, he still gives his presentations in English.

This might be all very well for board directors of large international clients, but middle-aged proprietors of middle-sized companies – an important target market for DB Morgan Grenfell – are occasionally perplexed by the combination of the English language and the M&A subject matter.

A large "tombstone" advertisement, which appeared in German newspapers soon after the Conti success, bears witness to the fruits of the marketing campaign.

It celebrates 16 transactions completed since July in which DB Morgan Grenfell acted as an adviser.

Cross-border deals include: Metallgesellschaft's purchase of the German activities of Britain's ailing Davy engineering group; Fuchs Petrolub's acquisition of the Stoke-on-Trent-based Century Oils group; the contractor Philipp Holzmann's purchase of a minority stake in Tilbury Group, the UK contractor; and the acquisition by RWE, the utility group, of the Vista Chemical Company in Texas.

Intra-German transactions include KSB's purchase of the Hallesche Pumpenwerke from the Treuhandanstalt, the east German privatisation agency, or Man Roland Druckmaschinen's purchase of Mabeg Maschinenbau.

Mr Nigel Meek, a Frankfurt-based director of DB Morgan Grenfell, says the list of 16 deals does not include, cases, for example, where the parties did not want publicity as well as "special situations" where DB Morgan Grenfell has advised a company on how to defend itself from takeover.

In a country where M&A moves at a snail's pace, Mr Meek *considers 16* reported transactions in under 18 months to be a considerable achievement.

The link with the Deutsche Bank may not prove wholly to the advantage to DB Morgan Grenfell: if the M&A unit looks too close to its parent it may lose its vital reputation as a provider of independent advice.

Moreover the link with Deutsche is not always effective: it may lead to introductions but not necessarily to business.

The best example of this is that of Hoesch, the steel group recently subject to a barely disguised attempt on its independence from Krupp, where the chairman of the supervisory board is a main board director of Deutsche.

Morgan Grenfell conducted a preliminary assessment of Hoesch's defence needs this summer, but was not formally retained as an adviser. Within three weeks this autumn, Krupp spoke for a majority of the shares in Hoesch.

The Hoesch/Krupp situation contains a lesson for all merchant bankers eager to participate in the German M&A market: neither side had a formal financial adviser in the Anglo-American sense of the word. Large and medium-size companies in Germany are convinced that they have the in-house skills to arrange M&A deals by themselves.

As Mr Michael Osterwind, Deutsche Bank head of the Württemburg region, explains: "Many companies in this country are accustomed to getting all kinds of services from their banks for nothing, including M&A advice.

"It is difficult for them to accept that we now have an organisation within the bank which provides these services and now they have to be paid for. This is something we have to learn to sell."

DB Morgan Grenfell likes to say that Deutsche Bank is its most important client.

Like corporate clients, Deutsche Bank needs to be educated in what DB Morgan Grenfell has to offer.

"The acceptance is gradually coming," says Mr Osterwind. "Some branch managers are concerned that people will come down from head office or a subsidiary and take away business. Many of the older ones lack understanding, but there is no problem with the younger ones. Acceptance is coming: all the major branches have had their successes and we see the benefits of the highly visible transactions Morgan Grenfell has been involved in."

Fisons tries to limit impact of FDA claim

By Daniel Green in London

FISONS, the UK drug company, yesterday tried to combat growing City of London criticism of its management style by launching a vigorous defence of products attacked last week in US health regulatory circles.

The level of the Fisons' concern can be gauged by an unprecedented foray into the public arena yesterday by Mr Peter Fothergill, chairman of the company's pharmaceutical division.

He acknowledged that in 1990, at the time of the first of three visits from US Food and Drug Administration FDA inspectors, "there is no doubt we were not up to CGMP [current good manufacturing practice]". He said: "We are now there or thereabouts with our key products."

Fisons issued a statement through the London Stock Exchange, in which it argued that it had dealt with problems identified by FDA inspectors. Stock market nerves calmed and Fisons shares recovered some of the ground lost in hectic trading last week. They ended 18p higher at 311p, still 13p below pre-Christmas levels.

The FDA had said, among other things, that tests on Intal asthma drug dispensers were deceptive. As a result, Intal, a high margin drug that accounts for about half of Fisons' pharmaceutical sales, was nearly banned from the US market. Apparently, only its popularity with patients kept it on sale.

Other allegations included contamination of the Opticrom eye product and the use of beer kegs to store an injectable iron product, Imferon.

In spite of the assurances, City of London confidence remains low. The row is the latest in a series of damaging revelations that have taken 40 per cent from the Fisons share price since the summer. Analysts warned that, with Fisons' reputation as the world's most secretive drug company, the damage would be hard to repair.

Some fear that the flow of bad news will continue and many are incensed by what they see as less-than-frank statements from top management. At the time of the interim results in September, Mr John Kerridge, chairman and chief executive, said he was more positive on the prospects for the company than for many years.

He said that drugs, Opticrom and Imferon, which had been taken off the US market by the FDA, should return within weeks. They are still banned. Fisons says it made the statements in good faith. In an attempt to bolster confidence, Fisons has introduced a measure of openness in recent weeks. Mr Fothergill's appearance yesterday was his first on record outside annual general meetings.


John Kerridge: "drug supplies not disrupted"

Mr Kerridge has embarked on a series of presentations directly to the company's biggest institutional shareholders. On January 22, the company is holding its first research and development briefing for five years.

The *glasnost* programme has not been without its hiccups. Fisons yesterday admitted errors in briefing institutional shareholders earlier this month.

When asked whether supplies of Intal were being disrupted outside the US, Mr Kerridge said they were not.

Within days, the company said that attempts to conform to higher quality control standards meant that supplies had, indeed, been affected. One institutional shareholder complained about this to the company. Analysts reported that others have also expressed their disillusionment in forceful terms.

The company's problems have rekindled rumours that Fisons will announce management changes, possibly at its next annual meeting in the spring. The most likely seems to be a split between the chairman's and chief executive's role.

There are also fears that the relationship between the company and the FDA has been soured. It has been strained since 1989 when the US approved a pneumonia treatment made by US company Lyphomed in preference to one from Fisons. The company has not received US approval for a drug for 10 years.

France bans Halcion sales, Page 14

Maxwell administrators seek High Court approval for plan

By Richard Gourlay in London

ADMINISTRATORS of Maxwell *Communication Corporation* will today seek London High Court approval for a programme they hope will allow an orderly administration of the company which is currently caught between US and UK insolvency law.

Price Waterhouse, the administrators, and bankers to MCC were yesterday working out details of the programme which must be approved by the UK judge and presented to a US bankruptcy judge by January 3.

It is likely to include details of new loans of up to £25m which the administrators have asked banks to provide to keep MCC and its subsidiaries functioning.

The new programme is designed to remove the source of conflict between the UK and US jurisdictions. Under US Chapter 11 bankruptcy proceedings MCC directors retain control of the company whereas under a UK *administration the same directors'* powers have been suspended.

The administrators and banks have held extensive talks with Mr Richard Gitlin, the US examiner appointed by the New York court to oversee the dispute between MCC's directors and Price Waterhouse in the UK.

MCC's decision to seek Chapter 11 protection from its creditors in the US threatened to emasculate the appointment of Price Waterhouse as administrator because most of MCC's assets are in the US.

Meanwhile, provisional liquidators at Bishopsgate Investment Management, which manages seven Maxwell company pension funds, have appointed Capital House as the professional fund manager for the BIM Common Investment Fund.

Robson Rhodes chose Capital *House, a subsidiary of the Royal* Bank of Scotland with more than £3bn under management, because the Scottish institution had no conflict of interest and no exposure to any Maxwell companies.

BIM's Common Investment Fund held most of the £727m managed on behalf of seven Maxwell company pension funds.

Capital House does not yet know, however, how much it will be managing. Robson Rhodes says it has traced £400m of the £727m but has not yet disclosed how much of this has been "safeguarded". Some of the shares that were transferred without authority from the pension funds appear to have been pledged to banks as collateral for loans to private Maxwell companies. This is expected to lead to lengthy litigation over who has legal title to these shares.

Trading due to resume in Spurs

By Jane Fuller in London

TRADING is set to restart this morning in the shares of Tottenham Hotspur, owner of the north London football club, after a 14½-month suspension.

The resolutions to implement Tottenham's £7m four-for-seven rights issue, underwritten by Mr Alan Sugar, consumer electronics millionaire and the new chairman, were passed at an extraordinary general meeting yesterday, attended by about 400 shareholder-fans.

The issue price was a surprising 125p, well above both the 75p at which Mr Sugar and Mr Terry Venables bought control and the 91p suspension price.

The proceeds enable Tottenham's shares to be relisted. The company's future was in doubt while it owed about £11m to the Midland Bank and up to £4m to other sources.

There were gasps of admiration yesterday when Mr Colin Sandy, finance director, said debt had been reduced to £5m, counting the issue proceeds.

This means that if Mr Paul Gascoigne, the injured England international, is sold to the Lazio club in Italy, the £5m fee will wipe out borrowings.

Although Mr Sugar was absent, his partner Mr Venables, chief executive, was there to accept the plaudits for taking over the company and injecting new funds.

The friendly reception contrasted with the accusations of "financial hooliganism" and calls for directors' heads to roll at the last annual meeting.

Then Mr Venables answered questions about the team. This time he played his part in dealing with the business issues.

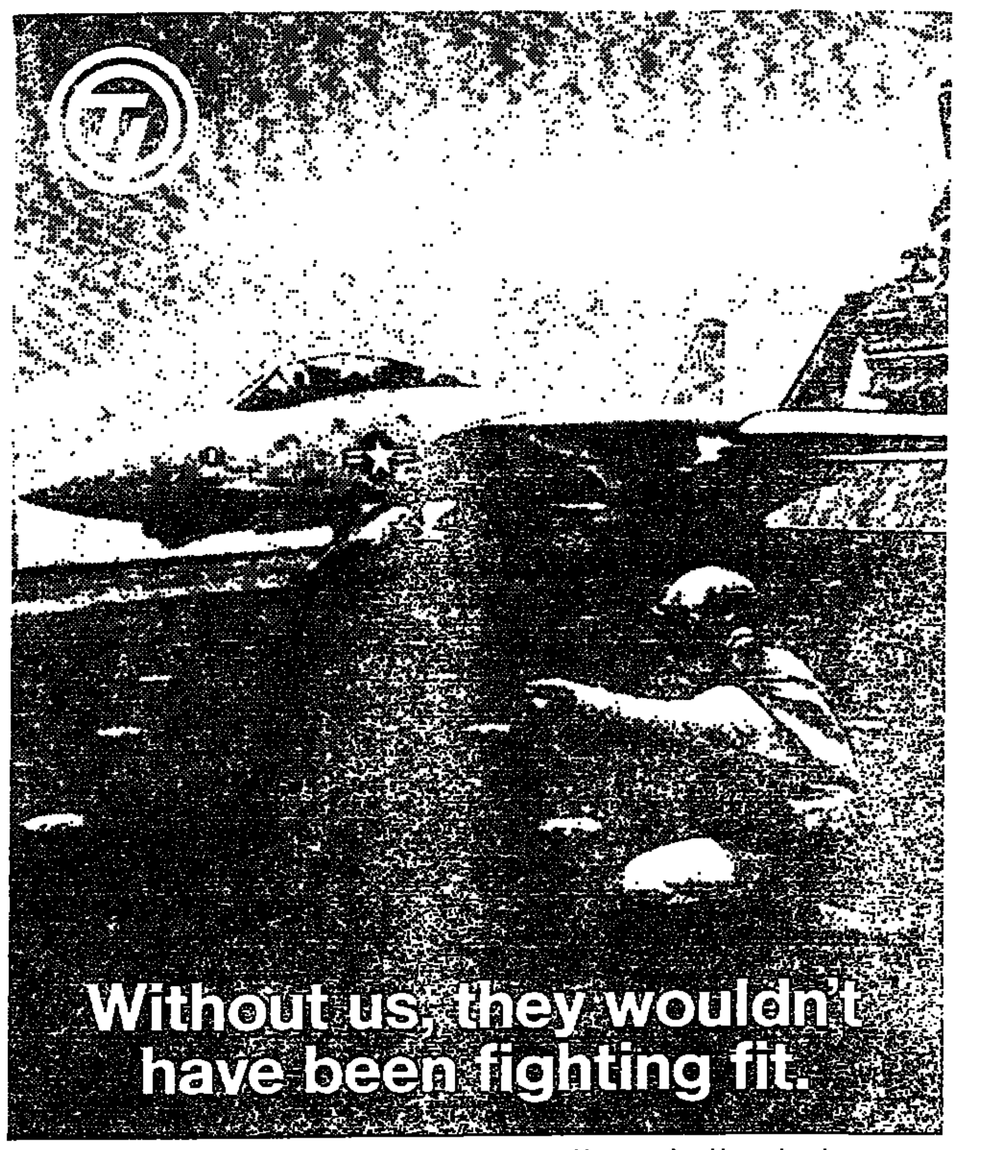
Many of these were raised by the Tottenham Independent Supporters' Association.

TISA elicited ambivalence about the Taylor report requirement on all-seater stadiums and some tough words on financial self-discipline.

"The job is to generate money," said Mr Venables.

On rising prices, he pointed out that "all our pockets have been tested". He has put in £3m.

It was left to Mr Peter Shreeves, team manager, to deal with burning issues on the field when shareholders asked how many members of the team could kick the ball with their left foot.



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La Cinq chief fuels fears of bankruptcy

MR YVES Sabouret, president of the ailing French television station La Cinq has told union representatives he "doesn't see how we can keep going," a station spokeswoman confirmed yesterday, AP-DJ reports.

The statement reinforced market expectations that the station, operated by the French media group Hachette – a 25 per cent shareholder – will declare bankruptcy imminently.

However, Mr Sabouret told the union representatives no bankruptcy filing had been made, the spokeswoman said.

Those expectations and last week's announcements by Hachette and the other shareholders that they would not keep injecting cash into La Cinq have apparently encouraged traders on the Paris bourse to think Hachette will be able to stem the continued drain on its resources from La Cinq.

As a result, Hachette's stock closed up 7.4 per cent to FFr146 a share, virtually the only stock to attract significant market interest in a vacation-becalmed market.

La Cinq is expected to lose over FFr1bn ($196m) this year. Hachette recently announced a drastic restructuring programme, including massive layoffs, in a last-ditch attempt to return the channel to profitability.

Hachette said last week it had been unable to find a partner to share the financial commitments during this period.

Banc One agrees merger with Affiliated Bankshares

By Nikki Tait in New York

BANC ONE, the expansion-minded banking group based in Ohio, yesterday announced plans to move into the state of Colorado for the first time, through an all-share merger with Affiliated Bankshares, the banking group.

The agreed deal would value the Denver-based group at nearly $380m – based on yesterday's price for Banc One, up ¼ at $51⅛ on the news. It involves the exchange of 0.66 shares of Banc One common stock for each share in Affiliated Bankshares.

The deal will not be completed until the third quarter of 1992, and is subject to approval from the US banking regulators and Affiliated Bankshares' shareholders. Mr John McCoy, Banc One's chairman, said the deal would give his company a "strong presence" in Colorado. Affiliated Bankshares' role as a "retail and middle-market lending organisation" would blend well.

Affiliated Bankshares operates 27 affiliate banks, taking in 38 banking offices, throughout Colorado. Its assets are put at $2.8bn – a fraction of Banc One's $46.2bn.

According to Standard & Poor's, the US rating agency, 45.8 per cent of its end-1990 lending portfolio comprised commercial loans and a further 39 per cent comprised consumer loans. Real estate mortgages made up another 12.1 per cent and real construction loans comprised 2.7 per cent.

Affiliated Bankshares made an after-tax profit of $9.8m in 1990 and book value per share was put at $16.53. As of September 30, it reported $67.6m of non-performing assets, consisting of $31m of non-performing loans and $36.5m of other real estate owned.

Banc One has been expanding aggressively. It operates 50 banks, with offices in Indiana, Illinois, Kentucky, Michigan, Ohio, Texas and Wisconsin, as well as various financial services businesses. Last week, however, it ran into difficulties over its plan to acquire a large stake in Premier Bancorp, a troubled Louisiana-based organisation.

At close of trade its shares had risen $⅜ to $51⅛.

Bond seeks stay of judgment on guarantees

MR ALAN BOND, the failed Australian entrepreneur, will today seek the stay of a judgment that he pay A$251m (US$190.7m) in personal guarantees to banks, his solicitor said, Reuter reports.

Mr Stephen Paterniti, the solicitor, said an application would be made to the New South Wales Court of Appeal to stay the judgment handed down in September.

Mr Bond lost an appeal on December 10 against the judgment which found him liable for the guarantees to banks led by Hongkong Bank of Australia, a unit of Hongkong & Shanghai Banking.

Mr Bond was served with a bankruptcy notice yesterday which requires him to pay the A$251m within 28 days.

Mr Paterniti said that, if the stay application failed, Mr Bond would also seek special leave to appeal to the High Court, although an application there might not be made for several months.

Mr Paterniti added that if the stay application failed and the 28-day period expired, the banks would still have to start bankruptcy proceedings against Mr Bond in the federal court.

The personal guarantees relate to a US$340m loan to Dallhold Investments, Mr Bond's private company.

Mr Bond resigned in September 1990 as chairman of Bond Corp Holdings, a former brewing, resources, media and property group, which is embarking on a scheme of arrangement to stave off liquidation.

Gilts falter as concern grows over effects of the recession

By Richard Waters and Tracy Corrigan in London and Patrick Harverson in New York

WHILE other European government bond markets moved ahead in light trading yesterday, UK gilts faltered in what was the last full trading session of the year.

In part, the Bundesbank's pre-Christmas rate hike continued to take its toll, with the UK alone among ERM countries in not having put up interest rates in response. Observers said pressure on sterling had yet to grow to a point where a rate rise looked likely. Due to light trading over the Christmas period, the authorities have not had to intervene heavily to support sterling, even though the currency is bumping against the bottom of its range.

A poor showing for the government in an opinion poll in The Sunday Times provided a backdrop for the growing concern over the political effects of the lingering UK recession. With the new year in sight and a general election due shortly, the government's supporters are becoming edgy – a fact the market has not been slow to pick up.

March gilt futures opened around ⅜ of a point down before sliding further in early trade. A short-lived rally failed to find support and the contract closed the day at 95.02. The benchmark bond maturing 2003/07 lost nearly a point on the day to close at 113⅛.

In Germany and France longer-dated government bonds moved in the opposite direction, advancing by around ½ percentage point on the day.

The German bund futures contract on Liffe rose from its opening 87.39 to 87.84, before falling slightly. Yields on Japanese government bonds fell to their lowest for two years. Monday's 0.5 percentage point cut in the official discount rate to 4.5 per cent pushed the yield on the benchmark No 129 below 5.40 per cent.

■ MORE bad news on the economy lifted Treasury prices at the long end yesterday in light end-of-year trading.

In late trading the benchmark 30-year government bond was up ⅞ at 106⅞, yielding 7.446 per cent. The two-year note was also firmer, up ⅛ at 100⅝, yielding 4.785 per cent.

The news that sparked the buying of bonds was the decline in the Chicago Purchasing Managers' index for December to 47.9, down from 52.7. Any figure for the index under 50 is an indication of a recession in the region's manufacturing industry.

Bond investors were also buoyed by a small decline in the Conference Board's consumer confidence index for December, which fell from 52.7 last month to 52.4.

The figures reinforced hopes that the Federal Reserve may ease monetary policy again shortly.

● A further Euroyen offering was added yesterday to a flurry of new issues in the sector ahead of the year-end, as Japanese securities houses Nomura and Daiwa vie for dominance of the Euroyen market in the end of year league tables.

Nippon Oil Finance raised Y20bn of three-year floating-rate notes via Daiwa Europe, pushing Daiwa's total above 1,300bn for the year, according to Euromoney Bondware; for Nomura, lagging by less than Y25bn, the prize is still in sight.

On Friday, Daiwa launched three deals totalling Y65bn while Nomura launched three deals totalling Y70bn, bringing Nomura to within Y5bn of Daiwa's lead at 1,286bn.

INTERNATIONAL & GOVT. BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	116.1168	+0.347	9.45	9.50	9.78
BELGIUM		9.000	06/01	100.3000	+0.500	8.94	9.02	9.15
CANADA *		8.500	04/02	102.3000	+0.950	8.16	8.33	8.53
DENMARK		9.000	11/00	101.6250	+0.600	8.72	8.82	9.06
FRANCE	BTAN	8.500	11/96	97.6847	+0.448	9.10	9.27	9.13
	OAT	9.500	01/01	105.1500	+0.320	8.65	8.79	8.92
GERMANY		8.25	09/01	101.3600	+0.440	8.04	8.13	8.32
ITALY		12.000	08/01	96.9900	+0.320	12.65	12.83	12.80
JAPAN	No 118	4.800	06/99	95.5824	+0.377	5.64	5.96	6.17
	No 129	6.400	03/00	105.7556	+0.299	5.39	5.60	5.84
NETHERLANDS		8.500	08/01	99.3600	+0.220	8.60	8.88	8.83
SPAIN		11.900	07/96	100.2000	+0.150	11.78	11.90	11.90
UK GILTS		10.000	11/96	99-31	-9/32	10.00	9.89	9.92
		10.000	02/01	101-07	-16/32	9.79	9.75	9.89
		9.000	10/08	95-18	-20/32	9.55	9.51	9.64
US TREASURY *		7.500	11/01	105-14	+20/32	6.73	6.87	7.30
		8.000	11/21	106-16	+24/32	7.45	7.54	7.95

London closing, *denotes New York closing. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

Zale plans financial restructuring

By Nikki Tait in New York

ZALE, based in Texas and the world's largest retail jeweller, is planning a massive downsizing, as it attempts to restructure its finances and emerge from under a hefty debt burden.

The retailer, which is jointly owned by Peoples Jewellers of Toronto and Swarovski International Holding of Switzerland, said yesterday it planned to close 400 of its 2,000 stores.

In addition, it would implement a "downsizing and cost reduction" programme at its corporate headquarters, and reorganise its various internal divisions.

The jewellery retailer, which bought out the rival Gordon Jewelry group in the late 1980s, also said it was halting all debt payments as part of its "comprehensive financial restructuring". This would apply to sums due to the company's bankers, bondholders and suppliers. Payments would be halted until the financial restructuring is completed – an unspecified date.

Zale has already missed a $52m interest payment on certain junk bonds, due on December 2. Under the terms of the bonds, Zale has a 30-day "grace" period in which to make the payment, ending on January 2.

The Dallas-based company was hopeful yesterday that the restructuring could be undertaken on a "co-operative" basis with its creditors.

At least one bondholder has threatened to file a bankruptcy petition if Zale defaults on the junk bond payment.

Part of the problem at Zale stems from hefty debts incurred when the company was taken over by Peoples Jewellers and Swarovski in 1986 and then from further Drexel-organised debt issues to fund the Gordon deal. Peoples and Swarovski – a vehicle for the wealthy Austrian Swarovski family – injected $100m into Zale in 1990, but the jeweller's losses have continued to mount. It is currently in default with its banks, as well as facing the potential problem with bondholders.

President of Carolco Pictures to step down

By Nikki Tait in New York

MR PETER Hoffman, president and chief executive of Carolco Pictures, will quit the Hollywood film company, which has generated films such as Terminator 2, Total Recall and the Rambo series.

Carolco and Mr Hoffman issued a joint statement yesterday, saying the chief executive's employment contract would not be renewed when it runs out on March 31. Mr Hoffman said he would be leaving "to pursue other interests".

There have been unconfirmed rumours in Hollywood that Mr Hoffman was planning to resign, after disagreements with Mr Mario Kasser, Carolco's chairman and largest shareholder.

France suspends sales of high dose form of Halcion

By Daniel Green

FRANCE yesterday suspended sales of the high dose form of Halcion, the world's best-selling sleeping pill made by Upjohn, the US drug company.

The ban deals a fresh blow to Upjohn which has been fighting to defend Halcion's reputation in Europe since the UK government took it off the market on health grounds in October.

However, Upjohn said it would appeal against the French decision.

Halcion, also known as triazolam, is suspected of causing mental problems such as memory loss or depression, if taken continually. Upjohn says the drug should only be prescribed for short-term use.

The French decision, which only applies to pills containing 0.25 milligrams of the drug, could influence European Community drug policy. An EC medical committee earlier this month postponed giving its verdict on Halcion.

The French Committee for Proprietary Medicinal Products concluded the possible side effects of the drug outweighed its therapeutic benefits.

This was the reverse of the verdict reached by the US Food and Drug Administration in October. The FDA intends to review the drug again.

NASD early hours trading service begins next month

By Patrick Harverson in New York

THE National Association of Securities Dealers (NASD) has announced its early hours trading service for US stocks will begin operation on January 20.

The service, Nasdaq International, will allow dealers and investors to buy and sell electronically US-listed stocks before US markets have opened. Each session will run from 3.30am to 9.30am Eastern US time to correspond with the initial business hours of the London financial markets.

Although the NASD has admitted that trading on Nasdaq International will probably be relatively light in its opening months of operation, the long-term aim is to win back business lost to overseas markets, particularly in London.

Recently, growing numbers of US institutions have traded US stocks on the London Stock Exchange's Seaq International system, partly because it gives them a start on the New York trading day, but also because the less stringent reporting standards enable the US institutions to trade anonymously.

To allow the NASD to compete effectively with Seaq International, the Securities and Exchange Commission the US watchdog, agreed to let the NASD ease its trade reporting rules for its new service.

Banks fined for reporting failures

By Richard Waters

TWO BANKS in the UK have been fined for failing to report trades to the regulatory authorities, bringing to five the number known to have broken trade reporting rules this year.

Morgan Stanley International and Rea Brothers failed to report some trades over periods of many months, though each was fined only a token £5,000 ($9,000) by the Securities and Futures Authority, the self-regulatory organisation. The regulatory body said it took a serious view of reporting failures.

Morgan Stanley had failed to report some transactions in UK government securities between September 1989 and August 1991, while Rea had failed to report equity transactions over 10 months.

The fines had been small because the failures were unintentional and involved relatively few trades, the SFA said.

● The SFA also announced yesterday the suspension of one "local" from the International Petroleum Exchange and of two investment firms, INFE and Futures Investment Services International, which had failed to comply with capital adequacy rules.

The local, Mr Alexander James Ashley Bonner, has been suspended until April 18, and forbidden from carrying out clients' deals for a further six months, for failing to give priority to client orders and acting in bad faith.

U.S. $250,000,000

Crédit Lyonnais

Subordinated Floating Rate Notes Due December 1999

Interest Rate 5.25% per annum

Interest Period 31st December 1991 30th June 1992

Interest Amount per U.S. $10,000 Note due 30th June 1992 U.S. $265.42

Credit Suisse First Boston Limited Reference Agent

U.S.$150,000,000 Floating Rate Participation Notes Due 1993

Issued by Prismbond GmbH for the purpose of making a loan to

CREDIOP

CONSORZIO DI CREDITO PER LE OPERE PUBBLICHE ROME

Notice is hereby given that the interest payable on the relevant Interest Payment Date, January 31, 1992, for the period July 31, 1991 to January 31, 1992, against Coupon No 13 in respect of U.S.$10,000 nominal of the Notes will be U.S.$279.72 and in respect of U.S.$250,000 nominal of the Notes will be U.S.$6,993.06.

December 31, 1991, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

U.S.$300,000,000

Bank of Greece

Athens, Greece

Floating Rate Notes Due 1996

Interest Rate [illegible] per annum

Interest Period 30th December 1991 30th June 1992

Interest Amount per U.S.$100,000 Note due 30th June 1992 [illegible]

Credit Suisse First Boston Limited Agent

ALLIANCE AND LEICESTER BUILDING SOCIETY

Japanese Yen 10,000,000,000 Floating Rate Notes due 1993

In accordance with the provisions of the Notes, notice is hereby given that for the six month period 27th December, 1991 to but excluding 29th June, 1992 the Notes will carry an interest rate of 6.35 per cent. per annum. The Coupon will be Japanese Yen 320,970 on the Notes of Japanese Yen 10,000,000. The relevant interest payment date will be 29th June, 1992.

Mitsui Taiyo Kobe Trust International Limited (Agent Bank)

U.S. $75,000,000

Comerica Incorporated

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate 5.25% per annum

Interest Period 31st December 1991 31st March 1992

Interest Amount per U.S. $50,000 Note due 31st March 1992 U.S. $663.54

Credit Suisse First Boston Limited Agent

U.S. $100,000,000

African Development Bank

Subordinated Floating Rate Notes due 1996

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from December 31, 1991 to June 30, 1992 the Notes will carry an Interest Rate of 5¼% per annum for 182 days. The amount payable per U.S. $10,000 nominal amount will be U.S. $265.42.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

December 31, 1991

CHASE

U.S. $400,000,000

BankAmerica Corporation

Floating Rate Subordinated Capital Notes Due 1996

(originally issued by)

BankAmerica Overseas Finance Corporation N.V.

Interest Rate 5.25% per annum

Interest Payment Date 31st March 1992

Interest Amount per U.S. $50,000 Note U.S. $663.54

Credit Suisse First Boston Limited Agent

Nationwide Building Society

£150,000,000 Floating Rate Notes 1996

(formerly Anglia Building Society)

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 27th December, 1991 to 27th March, 1992 has been fixed at 11.03 per cent. per annum. Coupon No. 22 will therefore be payable on 27th March, 1992 at £2,754.86 per coupon from Notes of £100,000 nominal and £137.74 per coupon from Notes of £5,000 nominal.

S. G. Warburg & Co. Ltd. Agent Bank

Nationwide

Brazil attracts $10bn foreign capital in year

By Christina Lamb in Rio de Janeiro

BRAZIL raised nearly $10bn in foreign capital in 1991, according to figures from the National Securities Commission, even though the country has not yet reached an agreement on the restructuring of its external debt and has seen little foreign interest so far in its privatisation programme.

The $10bn is a gross figure, including leasing and import financing.

Mr Arminio Fraga, international director of the Central Bank, agreed direct investment at $1.3bn was still low but said, "We've seen considerable new voluntary inflows."

Most significant among these were commercial paper, with $1.5bn raised through inter-company issues, $1.5bn through bond and note launches mostly by state-owned companies, and $300m in securitised export notes.

A $250m Eurobond launched in July by Petrobras, the state oil company, was the first of a series marking Brazil's return to the international capital markets. Brazil's stock markets, which were opened to direct foreign investment in May, received $850m in foreign money, again mainly into state companies. The favourite stock is Telebras.

Mr Stephen Dizard, a Salomon managing director, said: "We are definitely increasing our activity in Brazil and our expectation is that foreign investment will rise."

World Markets, Page 26

CORRECTION

Mexican beer

AN ARTICLE entitled "Exports challenge" in the Mexico Survey published on October 25 stated that the Cerveceria Cuauhtemoc held more than 50 per cent of the Mexican domestic market for beer. However, the Cerveceria Modelo SA de CV accounted for 51.7 per cent of the market in January to October of 1991, according to figures from the National Association of Brewers (ANFC). The Cerveceria Cuauhtemoc and Cerveceria Moctezuma, both part of the Femsa group, accounted for 29.1 per cent and 19.2 per cent respectively.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on December 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	[illegible]	[illegible]		6.24	BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.72
ALBERTA PROVINCE 9 3/8 95	600	[illegible]	[illegible]	[illegible]	6.30	COPENHAGEN TEL 8 5/8 96 LFr	600	98	[illegible]		9.24
AUSTRIA 8 1/2 00	400	[illegible]	[illegible]		7.28	WORLD BANK 8 96 LFr	1000	[illegible]	[illegible]		9.10
BANK OF TOKYO 8 3/8 96	100	[illegible]	[illegible]	[illegible]	6.93	ABN AMRO HOLDING 9 1/4 01 Fl	750	[illegible]	[illegible]		8.87
BELGIUM 9 5/8 98	250	[illegible]	113		7.15	UNILEVER 9 00 Fl	500	[illegible]	[illegible]		8.52
BFCE 7 3/4 97	150	[illegible]	[illegible]	[illegible]	6.66	ALBERTA PROVINCE 10 5/8 96 C$	500	[illegible]	107	[illegible]	8.63
BNP 8 5/8 94	300	[illegible]	[illegible]	[illegible]	5.72	BELL CANADA 10 5/8 99 C$	150	[illegible]	[illegible]	[illegible]	9.25
BRITISH GAS 8 3/8 99	350	[illegible]	107	[illegible]	7.25	BRITISH COLUMBIA 10 96 C$	500	[illegible]	[illegible]	[illegible]	8.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

* No information available - previous day's price † Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate [illegible]

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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What's uncommon about the Common Market?

Eliminating national boundaries in your business will not necessarily lead to boundless growth.

The momentum is beginning to pick up. The Single European Market is no longer just a vision. It will soon become a reality.

The closer the date of January 1, 1993 approaches, the fewer the remaining obstacles to European economic integration. Some of these impediments are small and some are large.

But of one thing you can be certain: they are definitely being overcome. The political will is there, and much of what still divides the twelve member states is on its way out.

But even with all the necessary European unification measures, just how uncommon will the Common Market actually be in just a couple of years?

The experts all agree: the Europe of the future will continue to be characterized by contrast and complexity.

Not only because of its great linguistic and cultural diversity.

But because Europe is about to be transformed into a continent of regions rather than of separate nations.

Regions which are above all engaged in strong economic competition. Regions which have numerous ways of presenting themselves in the best possible light – a situation which complicates decision-making for potential investors. Fortunately, there is something uncommon which is common to the entire Common Market.

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Already today, throughout Europe, you'll find us where it counts.

Our experienced local specialists can provide you with crucial support, all the way from overcoming the language barrier to helping you pin down the ideal site for your new business operations.

And thanks to our specialized international bank in Luxembourg, Europa Bank, we can put together complex packages including various regional European subsidies and EC support programs, thereby satisfying the most demanding of financing requirements.

For you see, while others were just beginning to think European, Dresdner Bank was already taking action.

Dresdner Bank. An uncommon bank. For an Uncommon Market.

Dresdner Bank

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

	Provisional Price for Trading on 31.12.91	Final Prices for Trading on [illegible]	
1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.11	16.61	16.61
0100	19.10	16.65	16.65
0130	19.25	17.84	20.08
0200	19.25	16.96	16.96
0230	19.25	16.62	16.62
0300	17.13	16.58	16.58
0330	17.11	16.54	16.54
0400	17.09	16.48	16.48
0430	17.08	16.44	16.44
0500	17.05	16.45	16.45
0530	17.08	16.47	16.47
0600	17.03	16.49	16.49
0630	17.05	16.57	16.57
0700	17.05	16.63	16.63
0730	17.08	19.42	21.66
0800	17.08	20.06	22.34
0830	17.13	20.32	22.61
0900	17.21	20.39	22.70
0930	18.81	27.14	29.68
1000	18.94	27.14	29.68
1030	19.46	25.08	27.54
1100	19.46	21.93	24.27
1130	19.46	21.92	24.26
1200	19.46	21.92	24.27
1230	20.99	21.91	24.25
1300	20.99	21.14	23.43
1330	19.46	19.91	22.15
1400	19.46	19.91	22.15
1430	19.29	19.91	22.16
1500	17.21	19.91	22.16
1530	17.21	19.94	22.20
1600	19.03	27.28	31.82
1630	20.55	109.15	130.64
1700	21.51	178.99	208.21
1730	21.51	191.50	218.30
1800	21.51	127.36	148.17
1830	21.10	53.80	60.63
1900	20.80	32.90	38.19
1930	20.80	30.18	32.83
2000	20.55	25.06	27.42
2030	20.17	20.29	22.62
2100	17.14	20.10	22.34
2130	17.10	19.94	22.17
2200	17.08	19.41	21.64
2230	17.02	16.85	16.85
2300	17.00	16.58	16.58
2330	17.01	16.48	16.48
2400	17.10	16.48	16.48

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.66/MWh becomes 1.666p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision

NGC Settlements Limited

Cardiff Automobile Receivables Securitisation (UK) plc

£328 million Floating Rate Notes Due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 27th December, 1991 to 27th March, 1992 the Notes will carry interest at the rate of 11.25 per cent per annum.

Interest payable on 27th March, 1992 will amount to £279.71 on each £10,000 Note.

Chartered WestLB Limited
Agent Bank

BANCO DI ROMA

US$200,000,000
Floating rate subordinated loan participation certificates due 2001

Issued by Morgan Guaranty GmbH for the purpose of making a subordinated loan to Foreign Branches of Banco di Roma.

In accordance with the terms and conditions of the Certificates the Rate of Interest for the Interest Determination period 30 December, 1991 to 30 June, 1992 has been fixed at 4.405%. Interest accrued for the above period and payable on 30 June, 1992 will amount to US$1,119.60 per US$50,000 Certificate and US$11,196.04 per US$500,000 Certificate.

Agent: Morgan Guaranty Trust Company

JP Morgan

SCOTLAND INTERNATIONAL FINANCE B.V. US$50,000,000

14¼% Guaranteed Fixed/Floating Rate Notes 1996.

For the six months from 16th December 1991 to 15th June 1992 inclusive the Notes will carry an interest rate of 5¼% per annum.

The relevant interest payment date will be 16th June 1992.

Coupon 9 will be for US$26.69.

This is a correction of interest rate *published on 16th December 1991.*

Agent Bank
Barclays Bank PLC
Barclays Global Securities Services
Stock Exchange Services Department
168 Fenchurch Street
London EC3P 3HP

EQUIFUND - WRIGHT NATIONAL EQUITY FUND
Société d'Investissement á Capital Variable
14, rue Aldringen, Luxembourg
R.C. Luxembourg B 32 557

NOTICE

is hereby given that an extraordinary general meeting of shareholders will *be held at the registered office at 14, rue Aldringen, Luxembourg on 8th* January, 1992 at 11.30 am in order to resolve about the following:

Amendment of article 8 in order to enable the Board of Directors to adapt the definition of "U.S. persons" to changes in U.S. Securities law, amendment of article 16 so as to comply with the requirements of the law of *30th March, 1988 only, amendment of article 21 and amendment of article* 29 in order to enable the amendment of the Articles pursuant to the provisions provided by Luxembourg law.

Shareholders are advised that a quorum of one half of the shares outstanding is required for the holding of the meeting and resolutions will be passed by an affirmative vote of 75 per cent of the shares present or represented at such meeting safe for the amendment of article 29 which *requires an affirmative vote of two/thirds of all of the shares outstanding.*

Proxy forms together with the full wording of the proposed amendments are available upon request at the registered office. In order to be valid proxy forms duly completed must be received at the registered office on 7th January 1992 at 5 p.m. at the latest.

The Board of Directors

Residential Property Securities No.2 PLC

£200,000,000

Mortgage Backed Floating Rate Notes 2018

Notice of Partial Redemption

S.G. Warburg & Co. Ltd. announce that Notes for the nominal amount of £3,300,000 have been drawn for redemption on 30th January, 1992, in accordance with Clause 5(b) of the Terms and Conditions of the Notes.

The distinctive numbers of the Notes drawn, are as follows:–

366 407 749 789 830 871 911 952 993 1034 1074
1115 1156 1197 1239 1281 1322 1362 1403 1444 1485 1525
1566 1607 1647 1688 1729 1770 1810 1851 1893 1934 1974

On 30th January, 1992 there will become due and payable upon presentation of each Note drawn for redemption, the principal amount thereof, together with accrued interest to said date, at the office of:–

S.G. Warburg & Co. Ltd.
2 Finsbury Avenue, London EC2M 2PA

or one of the other paying agents named on the Notes.

Interest will cease to accrue on the Notes called for redemption on and after 30th January, 1992 and Notes so presented for payment should have attached all Coupons maturing after that date.

£131,100,000 nominal amount of Notes will remain outstanding after 30th January, 1992.

31st December, 1991

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THE TAIWAN TRACKER FUND LIMITED ANNOUNCEMENT
Due to market holidays in Taiwan for the period 28/12/1991 - 03/01/1992, all conversions in the Taiwan Tracker Fund Limited will be suspended *until the following week.*

UK COMPANY NEWS

Transformed by an appetite for expansion

Guy de Jonquières on the acquisitive policy behind Perkins Foods' European growth

THE PAST year has not been kind to many British food companies which grew rapidly in the 1980s by *harnessing* an appetite for acquisitions to a taste for *expansion in continental* Europe.

In recent months, investor worries have sent Albert Fisher's share price plunging to half its 1991 high, growth at Hazlewood Foods has slowed sharply while Hillsdown Holdings has been blemished by a poorly-subscribed rights issue and the resignation of its finance director.

But Perkins Foods continues precociously to defy these trends. In less than four years, this former Somerset meat-boning company has been transformed by about 20 takeovers into a highly profitable mini-multinational with operations across northern Europe.

An eleven-fold increase in annual turnover since *1987* has been more than matched by *sustained rises in pre-tax prof*its, which rose 47 per cent to *£10.5m in the six months to* June 30 on sales 31 per cent higher at £123.7m.

Headquartered in Peterborough, Perkins does about 80 per cent of its business on the Continent where it has acquired 14 privately-owned food companies since mid-1988. Most are in the Netherlands, which provided almost three quarters of Perkins' £196m turnover in 1990.

The expansion began after a group of investors led by Mr *Michael Davies and Mr Howard* Phillips, two food industry executives who are now respectively Perkins' chairman and chief executive, bought into the publicly-quoted company in mid-1987.

They had planned to use it as a vehicle to buy UK food businesses. But a dearth of rea*sonably-priced opportunities* prompted them to look to the *Continent, where they made* their first acquisition, Champifri, a Dutch *frozen mushroom* processor and distributor, in *July 1988.*

That resulted in a personal introduction a few weeks *later* to Hagé International, a leading Dutch fruit and vegetable distributor, which was then negotiating a takeover by Albert Fisher.

When those talks fell through, Hagé agreed to a £38.6m offer from Perkins, even though it was then bigger than the British company.

Mr Jan van den Heuvel, Hagé's founder and chairman, says the decisive factor was the promise of a seat on Perkins' board. Mr van den Heuvel *has played an important role* in introducing and advising on *subsequent acquisitions.*

Perkins has concentrated on a limited range of high-margin growth sectors, targeting companies which are performing well but need capital for future expansion.

"We tend to buy efficient, well-run businesses. We don't improve their margins *that* much," says Mr Ian Blackburn, finance director.

Management continuity is a *high priority. "A classic exam*ple of what we like is when there is a father who is head of the business and will remain so for another four or five years," *says Mr Blackburn.* "Typically, he would be aged between *50 and 55, with sons* in the business who will stay *around."*

To cement commitment, Perkins usually links acquisition prices to subsequent profits performance. It also insists that sellers accept about 40 per cent of the price in the form of Perkins shares – a formula which has helped keep its gearing below 10 per cent.

Perkins leaves companies, once acquired, to run their day-to-day affairs – but imposes *stricter financial* targets and controls, overseen by a five-member central *staff.* Any expenditure above £10,000 *requires head office approval,* while investments must show a three-year pay-back.

Mr van den Heuvel says these disciplines have allowed *Hagé to double its* sales in three years, while providing *managers with much more pre*cise and timely financial information.

After focusing initially on fruit and vegetable businesses, Perkins turned its attention two years ago to frozen and chilled foods. Acquisitions since then include Peppino's, a German frozen pizza company, two convenience foods makers and a frozen pancake manufacturer in the *Netherlands,* and three small *UK* suppliers of frozen and chilled meat and seafood *products.*

Although Mr Phillips expects *further acquisitions* in these areas, he says they will be at a "measured" pace. "We don't want to make so many acquisitions that we are seen as a paper machine. Our first priority is organic growth."

An *increasing part* of that growth is expected to come from closer trading links between Perkins' different subsidiaries. *Mr Phillips* says the company has more than doubled its frozen mushroom sales by distributing through trading affiliates in Scandinavia and Germany, while Peppino's recently began selling frozen pizzas in Sweden.

Last month, Perkins added a link to this expanding network by acquiring Cogel, a frozen pasta maker based in Luxembourg which owns a frozen foods distributor in France.

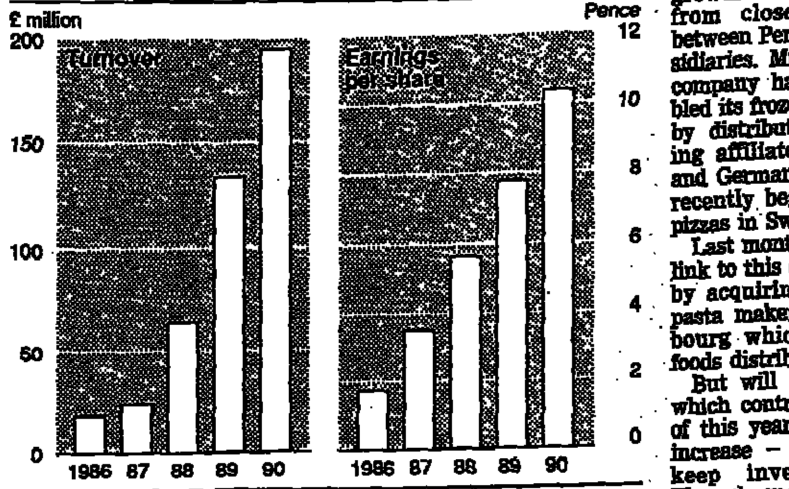
But will organic growth – which contributed 12 per cent of this year's first-half profits increase – be fast enough to keep investors satisfied? Though most City analysts have been impressed by Perkins' strategy and performance, some wonder how much further it can grow by focusing on profitable niches.

Mr David Atkinson, of County NatWest, thinks that, longer term, the company will find it harder to increase sales without eroding margins or entering mass markets dominated by heavyweight competitors.

Mr Phillips, however, insists Perkins' aim remains "earnings per share growth rather than to create something massive."

He is also aware of the risks of confronting big international food groups. "We know they're waiting round the corner to give us a wallop. We like to stay below the firing line," he says.

Perkins Foods



New England grudgingly backs TR bid

By Philip Coggan, Personal Finance Editor

THE BOARD of New England *Properties yesterday gave a* grudging recommendation to *shareholders to accept an offer* from TR Property Investment Trust.

TR Property has announced that its cash offer of 17p per share will not be extended beyond January 8 1992, if the offer has gone over 50 per cent by then. After that, New England shareholders will only be able to take a shares and cash offer of five TR shares and 100½p in cash for every 14 shares.

The New England board said that in the absence of a higher offer from a third party "it is likely to be in shareholders' best interests to accept TR's full cash offer by that date. Otherwise, they run the risk of having to take TR's shares or of remaining as minority shareholders".

Nevertheless, Mr Roy Treacher, New England's chairman, said that the board "still considers *that TR's offer* is wholly inadequate when judged against the company's estimated net asset value of 23.9p per *share and its future* potential".

The board added that "so long as there remains the pos*sibility of a third party making* a higher offer, shareholders are *advised to delay making a deci*sion to accept TR's offer until *the latest practical time before* the closing of the full cash offer".

TR Property owns or has received acceptances in respect of 37.2 per cent of New England's shares. Directors of New England, who own 13.6 per cent, will wait until the last moment accepting the TR cash offer, if no alternative has emerged.

New England and TR Property shares closed unchanged yesterday at 17p and 25p respectively.

C&G sells estate agency operation

By David Barchard

CHELTENHAM & Gloucester, the sixth largest UK building society, yesterday revealed that it had sold its 22-branch *estate agency operation* to Hambro Countrywide for £1.7m.

The agency , which concentrated on Gloucestershire and surrounding counties, was set up early in 1988 at a time when societies and insurance companies were scrambling to buy estate agencies to use as distribution outlets for their products.

Ironically, C&G's rapid growth since 1988 – which moved it from tenth to sixth place by size in the industry league table – later suggested that a large estate agency chain was not necessary.

"Strategically we found we could do without a large estate agency operation," C&G said.

"The scale of the 22-branch estate agency and the contribution it makes to the group have become insignificant."

Instead, the agencies became one of the few loss-making subsidiaries on the society's *balance sheet.*

Last year the network, which employs 110 full-time staff, incurred a loss of £350,000.

C&G said yesterday that the society decided to put the chain on the market after it was approached by a possible buyer for its estate agencies last summer.

Hambro Countrywide is said to have been selected from several possible buyers.

Each branch will cost it just under £78,000 compared with up to £300,000 fetched by estate agency branches during the height of the housing boom.

Mr Harry Hill, joint managing director of Hambro Countrywide, said: "We are delighted with this acquisition which will enable us to increase our representation in the west of England.

"Despite the current market conditions, we are prepared to make selective acquisitions at the right price to give us the opportunity to increase our volume of house sales and greater distribution for Hambro Guardian's financial products."

Trevor Humphries

Reflecting on a corporate rescue

Tea and adulation at Tottenham Hotspur's annual meeting, where the shareholder-fans had a chance to see their reflections in the FA Cup, as well as to reflect gratefully on the corporate rescue mounted by Mr Terry Venables, the new chief executive, and Mr Alan Sugar, the absent chairman. While all the resolutions connected with a rights issue, the annual accounts and new directors were passed, it remains to be seen how many of the *10,000* individual shareholders will take up their rights. The closing date is January 20.

£55m leaseback deal by Stena

By Peggy Hollinger

STENA LINE, the Swedish shipping group which bought Sealink 18 months ago, is raising £55m through the sale and leaseback of Stena Fantasia, one of its two English Channel superferries.

Sealink Stena Line, the UK subsidiary, said yesterday the deal was part of the current arrangements for refinancing the UK division. Losses at Sealink are largely responsible for Stena Line's forecast deficit of £30m for the year to December 31.

The *Fantasia,* launched last year as part of Stena's programme to encourage cruise passengers, is to be sold to Stena Equipment and Aircraft Leasing, which is a subsidiary of Stena AB, the privately-held majority shareholder of Stena Line.

Sealink Stena Line will lease the Fantasia at an undisclosed fee. Sale and leaseback was a common method of operating ferries, Sealink said.

Analysts said the deal would help to reduce gearing, which is *estimated at 500 per cent, at* the cash-strapped Stena Line. "However, it still does not help to get crewing costs down," said one City analyst.

Unions recently agreed with Stena Line on a package of cost-cutting measures, including the loss of 1,500 jobs and a pay freeze.

Sealink's troubles stem from the £350m which Stena paid for it last year. The UK division has been unable to generate sufficient profits to meet the interest payments.

T&L chief's salary reduced by 23%

Mr Neil Shaw, chairman and *chief executive of Tate & Lyle,* the world's largest sweeteners group, *suffered a salary cut of* 23 per cent to £201,199 this year, according to the company's 1991 annual report.

For the year September 28 the international sugar and starch group raised its profits from £218m to £234.6m before tax.

Tate has said that it will split the roles of chairman and chief executive in 1992, with Mr Stephen Brown, group managing director, becoming chief executive. Mr Shaw will remain as chairman.

AmBrit's white knight rides into the distance

By Michiyo Nakamoto

AMBRIT International, the USM-quoted oil and gas exploration company facing a hostile bid from Pittencrieff, the Scottish oil investment group, said that discussions with a possible white knight have been discontinued.

The announcement came as AmBrit rejected its predator's revised *offer of 6p per share,* up from 5½p previously, as "miserly," and *forecast* that after-tax profits in the second half of 1991 would be "more than sufficient" to offset its first half loss.

AmBrit announced on December *18* that it had received an approach from a third party seeking to agree terms of a recommended offer. Although agreement was reached in principle, discussions were discontinued as it was not possible for the party concerned to make firm its intention to make an offer within an acceptable timetable, AmBrit said.

"With *Christmas* and *our* day 39 coming up, there just wasn't enough time," said Mr Alan Russett, AmBrit chairman.

The discussions had, nevertheless, confirmed its view that the revised offer by Pittencrieff, which values AmBrit at £3.94m, was "totally inadequate."

The offer has so far received acceptances of only 0.2 per cent, which "is about as low as you can get," Mr Russett said.

AmBrit said that the group's performance in 1990 and 1991 showed a "continuing reversal" of its heavy losses in previous years.

Last year AmBrit made pre-tax profits of £164,000 compared with a loss of £1.28m in *1989.* It was the first profit recorded since 1984. However, in the first half of this year, AmBrit incurred a pre-tax loss of *£85,000 (£190,000 loss).*

Cash flow is forecast at not less than £1.15m, or 10 per cent above 1990 levels and *over 5.5 times* the levels achieved in the two years prior to that.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Final- Regina Health & Beauty.

FUTURE DATES

Interims-

GT Japan Inv Trust	Jan. 27
Unitech	Jan. 30
Vardy (Reg)	Jan. 8

APPOINTMENTS ADVERTISING

appears every

Wednesday & Thursday (UK),

and Friday (International edition only)

DEN DANSKE BANK

US$100,000,000
Subordinated floating rate notes
due 2000

(Issued by and in the name of Copenhagen Handelsbank A/S)

In accordance with the provisions of the notes, notice is hereby given that for the six months interest period from 31 December, 1991 to 30 June, 1992 the notes will carry an interest rate of 5¹/₈% per annum. The interest payable on the relevant interest payment date, 30 June, 1992 will amount to US$265.42 per US$10,000 note and US$6,635.42 per US$250,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

The Prudential Insurance Company of America

U.S. $500,000,000

Collateralized Mortgage Obligations Series 1986-1

For the period 27th December, 1991 to 27th January, 1992 the Bonds will carry an Interest Rate of 5.20% per annum with an Interest Amount of U.S. $66.64 per U.S. $50,000 (the original Principal Amount) Bond, payable on 27th January, 1992. The Principal Amount of the Bonds outstanding is expected to be 29.765014212% the original Principal Amount of the Bonds, or U.S. $14,882.51 per Bond until the Sixty-first Payment Date.

Bankers Trust Company, London — Agent Bank

Isveimer

US$100,000,000
Floating rate participation certificates due 1992

issued by Morgan Guaranty GmbH for the purpose of making a loan to Istituto per lo Sviluppo Economico dell'Italia Meridionale (a statutory body of the Republic of Italy incorporated under Law No. 298 of April 11, 1953)

In accordance with the terms and conditions of the Certificates, the rate of interest for the Interest Determination Period 31 December, 1991 to 31 January, 1992 has been fixed at 4⁷/₈%. Interest accrued for the above period and payable on 31 January, 1992 will amount to US$41.98 per US$10,000 Certificate. Total interest payable value 31 January, 1992 will amount to US$282.38 per US$10,000 Certificate.

Agent: Morgan Guaranty Trust Company

JPMorgan

Federal Business Development Bank

CAN $35,000,000

13.50% Notes due 1992

In accordance with the Terms and Conditions of the Notes, notice is hereby given that the issuer will exercise its option to redeem the Notes in DM pursuant to paragraph 4 (b) of the Note Agreement.

*Payment of interest and re*demption of principal will be made in DM at the exchange rate of CAN $1,000 = DM 1,280 on January 7, 1992.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
FISCAL AND PRINCIPAL PAYING AGENT

£175,000,000
FGIC Guaranteed Funding Ltd
(Incorporated with limited liability in the Cayman Islands)

Floating Rate Notes due 2001

Guaranteed as to the Scheduled payment of Principal and Interest pursuant to a Surety Bond issued by Financial Guaranty Insurance Company

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from December 27, 1991 to March 27, 1992 the Notes will carry interest at the rate of 11.65% per annum.

Interest payable on March 27, 1992 will amount to £27,517.55 on each £950,000 Note.

By: The Chase Manhattan Bank, N.A. London Branch, Agent Bank
December 31, 1991

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BANESTO FINANCE LIMITED

USD 200,000,000 Subordinated Floating Rate Notes due 1994

In accordance with the terms and conditions of the notes, notice is hereby given that for the three months' period from December 31, 1991 to March 31, 1992 the notes will carry an interest rate of 5.075% (including the margin of 0.70%). The coupon amount so calculated will be USD 12,828.47 for USD 1,000,000 denomination notes.

Banque Générale du Luxembourg S.A.
Reference Agent

Notice of Redemption

PKbanken

¥4,000,000,000 6½ per cent. Nikkei-Linked Notes 1993 (the "Notes")

NOTICE IS HEREBY GIVEN pursuant to Condition 5 (A) of the terms and conditions of the above-mentioned Notes, that Nordbanken, formerly *known as* PKbanken, (the "Bank") has elected to redeem on 21st February, 1992 (the "Redemption Date") all of its outstanding ¥4,000,000,000 *6½ per cent. Nikkei-Linked* Notes 1993 at their then Redemption Amount plus interest accrued to the Redemption Date. On and after the Redemption Date, *interest on the Notes will* cease to accrue. The Notes should be presented and surrendered to the paying agents as shown on the reverse of the Notes on the Redemption Date with all interest coupons maturing subsequent to said date.

31 December, 1991.
By: Citibank, N.A. (CSSI Dept)
London Principal Paying Agent

CITIBANK

هكذا من الأصل

UK COMPANY NEWS

Poised to make a clean sweep

Peggy Hollinger on Johnson Group Cleaners' plans

TELL MR Terry Greer, chairman of Johnson Group Cleaners, that he resembles King Roger II of Sicily, the 12th century Norman crusader, and he looks surprised.

Say to him that this Norman soldier built a vast empire by allowing many of his vassals to continue operating as they had before his arrival – with the exception of a few administrative changes – and Mr Greer begins to understand.

For that is precisely the philosophy behind expansion at Johnson Group, which claims to be one of the world's largest dry cleaners.

The fact that the Johnson name is known only to those in Liverpool and the north-west is the result of its acquisition policy. Profitable companies are purchased on the premise that the former owners stay on to run the business, with a large degree of autonomy, while the original name is retained.

Johnson's only requirement is that the new company brings its accounting practices into line with the group as a whole. This means maintaining an account book according to Johnson's format. Every month the accounts from each company are distributed throughout the group. This, says Mr Greer, encourages a "fierce" in-house competitiveness, and "the dissemination of best practices happens almost naturally".

The only other controls on the new members of the group relate to mandatory training and capital expenditure. However, these restraints are offset by the benefits of lower purchasing costs and a more professional approach to business.

Such practices have helped Mr Greer on the way to achieving his ambition of an empire stretching from the Americas to Europe.

Johnson Group has more than 1,100 dry cleaning outlets in Britain and the US, and is putting feelers out in continental Europe. Sales in the US have more than doubled in the past five years – to almost $100m – mostly through acquisitions. Total turnover last year was £149.3m.

For the moment, however, recession has forced Mr Greer to put a rein on his ambitions for expansion. Group profits in the first half declined by 14 per cent to £8.23m.

The dry cleaning businesses worldwide and the franchises in the US made "significant losses" in 1990. Steps have been taken to contain the outflow, and Mr Greer says the losses will be virtually eliminated in the year to December 31.

Terry Greer: launching a new acquisition plan next year

Although dry cleaning has had a tough time in the past 12 months, Johnsons growing textile rental business, Apparelmaster – which supplies workwear and other sundries to employers – will provide the group's biggest opportunities in the medium term.

Analysts say this is where the group has really shown its stuff in recessionary times. Johnson's competitors in the field, such as BET, are having a fairly "torrid time," says Mr Bob Carpenter of Kleinwort Benson.

Yet Johnson's textile rental side actually increased profits in the first half of this year, making a bigger return than dry cleaning in the UK for the first time, says Mr Greer. He adds, however, that this is partly the result of a severely depressed dry cleaning sector.

Mr Greer maintains that Johnson's success in textiles stems from its client base. "We have stuck to garment rental in industries which are likely to be less recession-prone. Most of our competitors have a high proportion of clients in the hotel, restaurant and food industries."

Johnson also avoids bigger companies, preferring the small to medium-sized corporate clients, which although less profitable are more loyal. It also lays down the rule that Apparelmaster outlets cannot accept a new customer representing 60 per cent or more of the branch's turnover without main board approval.

Yet even growth in the textile business has begun to slow and Mr Greer says it will continue to do so at least until early next year. "We have lost existing business and only just managed to keep the bucket topped up with new business."

Mr Greer is an optimistic man, nevertheless, and says the group will be launching a new acquisition campaign – in both dry cleaning and textile rental – next year, provided economic conditions allow.

Once the brakes are off, says Mr Carpenter, the recovery could be dramatic. But investors will have to take the long-term view. "The upturn could be more than a year away," he says.

Meanwhile, as the group waits for an economic recovery, it could do worse than follow King Roger's example by letting the local management get on with the business it knows best.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, December 30, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	53.1601	34.9779	42.279
Albania	(Lek)	10.03	5.3722	3.5348	4.2726
Algeria	(Dinar)	39.512	21.1633	13.9249	16.8315
Andorra	(Fr Fr)	9.6900	5.1901	3.4149	4.1277
	(Sp Peseta)	180.65	96.7595	63.6651	76.9542
Angola	(Kwanza)	164.92	88.3342	58.1215	70.2534
Antigua	(E Carr $)	5.0584	2.7093	1.7826	2.1548
Argentina	(Austral)	18521.23	9920.32	6527.31	7889.77
Aruba	(Florin)	3.354	1.7964	1.182	1.4287
Australia	(Aus $)	2.4580	1.3165	0.8662	1.047
Austria	(Schilling)	19.965	10.6936	7.0361	8.5047
Azores	(Port Escudo)	251.60	134.762	88.6696	107.178
Bahamas	(Bahama $)	1.8670	1	0.6579	0.7953
Bahrain	(Dinar)	0.7056	0.3779	0.2486	0.3005
Balearic Is	(Sp Peseta)	180.65	96.7595	63.6651	76.9542
Bangladesh	(Taka)	68.00	36.422	23.9647	28.9669
Barbados	(Barb $)	3.768	2.0182	1.3279	1.6051
Belgium	(Belg Fr)	58.55	31.3604	20.6343	24.9414
Belize	(B $)	3.747	2.0069	1.3205	1.5961
Benin	(CFA Fr)	484.50	259.507	170.749	206.39
Bermuda	(Bermudian $)	1.8670	1	0.6579	0.7953
Bhutan	(Ngultrum)	48.00	25.7096	16.9162	20.4472
Bolivia	(Boliviano)	6.9694	3.7329	2.4561	2.9688
Botswana	(Pula)	3.8828	2.0797	1.3683	1.654
Brazil	(Cruzeiro)	1952.48	1045.78	688.099	831.727
Brunei	(Brunei $)	3.047	1.632	1.0738	1.2979
Bulgaria	(Lev)	32.24	17.2683	11.3621	13.7337
Burkina Faso	(CFA Fr)	484.50	259.507	170.749	206.39
Burma	(Kyat)	10.7573	5.7618	3.7911	4.5824
Burundi	(Burundi Fr)	352.25	188.672	124.141	150.053
Cambodia	(Riel)	1405.12	752.608	495.196	598.56
Cameroon	(CFA Fr)	484.50	259.507	170.749	206.39
Canada	(Canadian $)	2.1645	1.1593	0.7628	0.922
Canary Is	(Sp Peseta)	180.65	96.7595	63.6651	76.9542
Cp. Verde	(CV Escudo)	137.32	73.5511	48.3947	58.4962
Cayman Is	(CI $)	1.555	0.8328	0.548	0.6624
Cent.Afr. Rep	(CFA Fr)	484.50	259.507	170.749	206.39
Chad	(CFA Fr)	484.50	259.507	170.749	206.39
Chile	(Chilean Peso)	699.75	374.799	246.608	298.083
China	(Renminbi Yuan)	10.062	5.3893	3.546	4.2862
Colombia	(Col Peso)	1163.30	623.085	409.974	495.548
Comoros	(CFA Fr)	484.50	259.507	170.749	206.39
Congo (Brazz)	(CFA Fr)	484.50	259.507	170.749	206.39
Costa Rica	(Colon)	260.66	139.614	91.8625	111.037
Côte d'Ivoire	(CFA Fr)	484.50	259.507	170.749	206.39
Cuba	(Cuban Peso)	1.419	0.76	0.5	0.6044
Cyprus	(Cyprus £)	0.815	0.4365	0.2872	0.3471
Czechoslovakia	(Koruna)	52.15c	27.9325	18.3788	22.2151
		50.32a	26.9523	17.7339	21.4355
Denmark	(Danish Kroner)	11.0525	5.9199	3.8951	4.7082
Djibouti Rep	(Djib Fr)	310.00	166.042	109.251	132.055
Dominica	(E Carrib $)	5.0584	2.7093	1.7826	2.1548
Dominican Rep	(D Peso)	23.66	12.6727	8.3383	10.0788
Ecuador	(Sucre)	2373.72o	1271.41	836.553	1011.17
		2424.31a	1298.51	854.382	1032.72
Egypt	(Egyptian £)	6.20	3.3208	2.185	2.6411
El Salvador	(Colon)	14.9636	8.0147	5.2735	6.3742
Equat'l Guinea	(CFA Fr)	484.50	259.507	170.749	206.39
Ethiopia	(Ethiopian Birr)	3.84595	2.0599	1.3553	1.6382
Falkland Is	(Falk £)	1.00	0.5356	0.3524	0.4259
Faroe Is	(Danish Kroner)	11.0525	5.9199	3.8951	4.7082
Fiji Is	(Fiji $)	2.7515	1.4737	0.9696	1.172
Finland	(Markka)	7.735	4.143	2.7259	3.2949
France	(Fr)	9.6900	5.1901	3.4149	4.1277
Fr. Cty/Africa	(CFA Fr)	484.50	259.507	170.749	206.39
Fr. Guiana	(Local Fr)	9.6900	5.1901	3.4149	4.1277
Fr. Pacific Is	(CFP Fr)	172.00	92.1264	60.6167	73.2694
Gabon	(CFA Fr)	484.50	259.507	170.749	206.39
Gambia	(Dalasi)	16.9926	9.1015	5.9885	7.2385
Germany	(D-Mark)	2.8375	1.5198	1	1.2087

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	730.47	391.253	257.434	311.169
Gibraltar	(Gib £)	1.00	0.5356	0.3524	0.4259
Greece	(Drachma)	327.70	175.522	115.489	139.595
Greenland	(Danish Krone)	11.0525	5.9199	3.8951	4.7082
Grenada	(E Carr $)	5.0584	2.7093	1.7826	2.1548
Guadaloupe	(Local Fr)	9.6900	5.1901	3.4149	4.1277
Guam	(US $)	1.8670	1	0.6579	0.7953
Guatemala	(Quetzal)	9.4539	5.0636	3.3317	4.0272
Guinea	(Fr)	1521.83	815.121	536.328	648.277
Guinea-Bissau	(Peso)	9367.50	5017.41	3301.32	3990.42
Guyana	(Guyanese $)	227.18	121.682	80.0634	96.7752
Haiti	(Goude)	9.3675	5	3.3013	3.9904
Honduras	(Lempira)	9.9471	5.3278	3.5055	4.2373
Hong Kong	(HK $)	14.5397	7.7877	5.1241	6.1936
Hungary	(Forint)	142.34	76.2399	50.1638	60.6347
Iceland	(Icelandic Krona)	104.25	55.8382	36.74	44.4089
India	(Indian Rupee)	48.00	25.7096	16.9162	20.4472
Indonesia	(Rupiah)	3717.835	1991.34	1310.25	1583.74
Iran	(Rial)	119.00o	63.7386	41.9383	50.6922
		2663.0r	1426.35	938.502	1134.4
Iraq	(Iraqi Dinar)	0.5936	0.3179	0.2091	0.2528
Irish Rep	(Punt)	1.0685	0.5723	0.3765	0.4551
Israel	(Shekel)	4.257	2.2801	1.5002	1.8134
Italy	(Lira)	2149.75	1151.45	757.621	915.761
Jamaica	(Jamaican $)	34.945	18.7171	12.3154	14.886
Japan	(Yen)	234.75	125.736	82.7312	100
Jordan	(Jordanian Dinar)	1.2472	0.668	0.4395	0.5312
Kenya	(Kenya Shilling)	52.42	28.0771	18.474	22.3301
Kiribati	(Australian $)	2.4580	1.3165	0.8662	1.047
Korea North	(Won)	1.8173	0.9733	0.6404	0.7741
Korea South	(Won)	1415.12	757.965	498.721	602.82
Kuwait	(Kuwaiti Dinar)	0.53165	0.2847	0.1873	0.2264
Laos	(New Kip)	1320.82	707.456	465.487	562.65
Lebanon	(Lebanese £)	1646.9	882.11	580.405	701.555
Lesotho	(Maluti)	5.13775	2.7518	1.8106	2.1885
Liberia	(Liberian $)	1.8670	1	0.6579	0.7953
Libya	(Libyan Dinar)	0.5017	0.2687	0.1768	0.2137
Liechenstein	(Swiss Fr)	2.5325	1.3564	0.8925	1.0788
Luxembourg	(Lux Fr)	58.55	31.3604	20.6343	24.9414
Macao	(Pataca)	15.049	8.0605	5.3036	6.4106
Madagascar	(MG Fr)	2874.25	1539.5	1012.95	1224.39
Madeira	(Port Escudo)	251.60	134.762	88.6696	107.178
Malawi	(Kwacha)	4.899	2.6239	1.7265	2.0869
Malaysia	(Ringgit)	5.1095	2.7367	1.8007	2.1765
Maldive Is	(Rufiya)	20.088	10.7595	7.0794	8.5571
Mali Rep	(CFA Fr)	484.50	259.507	170.749	206.39
Malta	(Maltese £)	0.5670	0.3036	0.1998	0.2415
Martinique	(Local Fr)	9.6900	5.1901	3.4149	4.1277
Mauritania	(Ouguiya)	156.25	83.6904	55.066	66.5601
Mauritius	(Maur Rupee)	27.30	14.6223	9.6211	11.6293
Mexico	(Mexican Peso)	5680.57a	3042.62	2001.96	2419.84
Miquelon	(Local Fr)	9.6900	5.1901	3.4149	4.1277
Monaco	(French Fr)	9.6900	5.1901	3.4149	4.1277
Mongolia	(Tugrik)	78.687	42.1462	27.7311	33.5194
Montserrat	(E Carr $)	5.0584	2.7093	1.7826	2.1548
Morocco	(Dirham)	15.02	8.0449	5.2933	6.3982
Mozambique	(Metical)	3211.05	1719.9	1131.65	1367.86
Namibia	(S A Rand)	5.13775	2.7518	1.8106	2.1885
Nauru Is	(Australian $)	2.4580	1.3165	0.8662	1.047
Nepal	(Nepalese Rupee)	79.98	42.8387	28.1867	34.0702
Netherlands	(Guilder)	3.1975	1.7126	1.1268	1.362
N'nd Antilles	(A/Guilder)	3.3536	1.7962	1.1818	1.4285
New Zealand	(NZ $)	3.45975	1.853	1.2192	1.4737
Nicaragua	(Gold Cordoba)	9.3675	5.0174	3.3013	3.9904
Niger Rep	(CFA Fr)	484.50	259.507	170.749	206.39
Nigeria	(Naira)	18.36	9.8339	6.4704	7.821
Norway	(Nor. Krone)	11.1750	5.9855	3.9383	4.7603
Oman	(Rial Omani)	0.7205	0.3859	0.2539	0.3069

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	44.00	23.5672	15.5066	18.7433
Panama	(Balboa)	1.8670	1	0.6579	0.7953
Papua New Guinea	(Kina)	1.7828	0.9549	0.6282	0.7594
Paraguay	(Guarani)	2447.39	1310.87	862.516	1042.55
Peru	(New Sol)	1.78	0.9534	0.6273	0.7582
Philippines	(Peso)	46.00	24.6384	16.2114	19.5953
Pitcairn Is	(£ Sterling)	1.00	0.5356	0.3524	0.4259
	(NZ $)	3.45975	1.853	1.2192	1.4737
Poland	(Zloty)	19526.00	10458.5	6881.41	8317.78
Portugal	(Escudo)	251.60	134.762	88.6696	107.178
Puerto Rico	(US $)	1.8670	1	0.6579	0.7953
Qatar	(Riyal)	6.8123	3.6487	2.4008	2.9019
Reunion Is. de la	(F/Fr)	9.6900	5.1901	3.4149	4.1277
Romania	(Leu)	354.18q	189.705	124.821	150.875
Rwanda	(Fr)	221.19	118.473	77.9524	94.2236
St Christopher	(E Carr $)	5.0584	2.7093	1.7826	2.1548
St Helena	(£)	1.00	0.5356	0.3524	0.4259
St Lucia	(E Carr $)	5.0584	2.7093	1.7826	2.1548
St Pierre	(French Fr)	9.6900	5.1901	3.4149	4.1277
St Vincent	(E Carr $)	5.0584	2.7093	1.7826	2.1548
San Marino	(Italian Lira)	2149.75	1151.45	757.621	915.761
Sao Tome	(Dobra)	449.64	240.836	158.463	191.54
Saudi Arabia	(Riyal)	7.0180	3.7589	2.4733	2.9895
Senegal	(CFA Fr)	484.50	259.507	170.749	206.39
Seychelles	(Rupee)	9.10	4.8741	3.207	3.8764
Sierra Leone	(Leone)	766.10	410.337	269.991	326.347
Singapore	($)	3.047	1.632	1.0738	1.2979
Solomon Is	($)	5.2220	2.797	1.8403	2.2244
Somali Rep	(Shilling)	4908.57	2629.12	1729.89	2090.98
South Africa	(Rand)	5.13775c	2.7518	1.8106	2.1885
		5.93375g	3.1782	2.0911	2.5276
Spain	(Peseta)	180.65	96.7595	63.6651	76.9542
Spanish Ports in N Africa	(Sp Peseta)	180.65	96.7595	63.6651	76.9542
Sri Lanka	(Rupee)	77.00	41.2426	27.1365	32.8008
Sudan Rep	(£)	28.1025	15.0522	9.9039	11.9712
Surinam	(Guilder)	3.344	1.7911	1.1785	1.4244
Swaziland	(Lilangeni)	5.13775	2.7518	1.8106	2.1885
Sweden	(Krona)	10.3700	5.5543	3.6546	4.4174
Switzerland	(Fr)	2.5325	1.3564	0.8925	1.0788
Syria	(£)	39.3435	21.0731	13.8655	16.7597
Taiwan	($)	48.15	25.79	16.9691	20.5111
Tanzania	(Shilling)	435.03	233.01	153.315	185.316
Thailand	(Baht)	44.00	23.5672	15.5066	18.7433
Togo Rep	(CFA Fr)	484.50	259.507	170.749	206.39
Tonga Is	(Pa Anga)	2.4580	1.3165	0.8662	1.047
Trinidad/Tobago	($)	7.9624	4.2648	2.8061	3.3918
Tunisia	(Dinar)	1.6250	0.8703	0.5726	0.6922
Turkey	(Lira)	9499.54	5088.13	3347.86	4046.66
Turks & Caicos	(US $)	1.8670	1	0.6579	0.7953
Tuvalu	(Australian $)	2.4580	1.3165	0.8662	1.047
Uganda	(New Shilling)	1721.22	921.918	606.597	733.214
U A E	(Dirham)	6.8731	3.6813	2.4222	2.9278
United Kingdom	(£)	1.00	0.5356	0.3524	0.4259
United States	(US $)	1.8670	1	0.6579	0.7953
Uruguay	(Peso)	4629.83	2479.82	1631.66	1972.24
USSR	(Rouble)	1.0290o	0.5511	0.3626	0.4383
		3.0870c	1.6534	1.0879	1.315
Vanuatu	(Vatu)	204.50	109.534	72.0704	87.1139
Vatican	(Lira)	2149.75	1151.45	757.621	915.761
Venezuela	(Bolivar)	113.11	60.5838	39.8625	48.1831
Vietnam	(Dong)	24280.56	13005.1	8557.03	10343.2
Virgin Is-British	(US $)	1.8670	1	0.6579	0.7953
Virgin Is-US	(US $)	1.8670	1	0.6579	0.7953
Western Samoa	(Tala)	4.52	2.4209	1.5929	1.9254
Yemen (Rep of)	(Rial)	24.26	12.9941	8.5497	10.3343
Yemen (Rep of)	(Dinar)	0.87	0.4659	0.3066	0.3706
Yugoslavia	(Dinar)	36.9656	19.7994	13.0275	15.7467
Zaire Rep	(Zaire)	117295.00	62825.4	41337.4	49965.9
Zambia	(Kwacha)	162.99	87.3004	57.4414	69.4313
Zimbabwe	($)	9.4134	5.0419	3.3174	4.0099

Special Drawing Rights December 27, 1991 United Kingdom £0.762228 United States $1.42994 Germany D Mark n/a Japan Yen180.101
European Currency Unit Rates December 30,1991 United Kingdom £0.716315 United States $1.34130 Germany D Mark 2.03515 Japan Yen168.870

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar; (v) Floating rate.
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, December 30, 1991.

Only one airline flies daily non-stop from London, Paris and Frankfurt to Tokyo.

JAL Japan Airlines
A WORLD OF COMFORT

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STEPHANIE COX-FREEMAN 071 873 4027

CITICORP

U.S. $350,000,000
Subordinated Floating Rate Notes Due November 27, 2035
Notice is hereby given that the Rate of Interest has been fixed at 5% in respect of the Original Notes and 5.087% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date January 31, 1992 against Coupon No. 74 in respect of US$10,000 nominal of the Notes will be US$43.06 in respect of the Original Notes and US$43.80 in respect of the Enhancement Notes.

U.S. $500,000,000
Subordinated Floating Rate Notes Due October 25, 2005
Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment Date January 31, 1992 against Coupon No. 75 in respect of US$10,000 nominal of the Notes will be US$43.06.

U.S. $500,000,000
Subordinated Floating Rate Notes Due January 30, 1998
Notice is hereby given that the Rate of Interest has been fixed at 5% and that the interest payable on the relevant Interest Payment Date January 31, 1992 against Coupon No. 72 in respect of US$10,000 nominal of the Notes will be US$43.06.

December 31, 1991
By: Citibank, N.A. (CSSI Dept.), Agent Bank
CITIBANK

31 December 1991
ITALEX
Italex Limited
(Incorporated in the Cayman Islands with limited liability)
U.S. $230,000,000
Unsecured Floating Rate Notes
due 1989 to 1992
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 2nd January 1992 to 1st July 1992 has been established at 4.375 per cent. per annum.
The interest payment date will be 1st July 1992. Payment, which will amount to U.S.$5,499.13 per Note, will be made against the relative coupon.
Agent Bank
Morgan Grenfell & Co. Limited

THE JAPANESE WARRANT FUND
Société d'Investissement
45, rue des Scillas
L-2529 Howald
Grand Duchy of Luxembourg
R.C. No 31629
Notice of Meeting
NOTICE is hereby given that the Annual General Meeting of The Japanese Warrant Fund will be held at the Registered Office of the Company on Wednesday, 15th January 1992 at 4.00p.m. with the purpose of considering and voting upon the following agenda:
1. Submission of the reports of the Board of Directors and of the Auditors;
2. Approval of the Annual Report for the year ended 30th September 1991;
3. Discharge of the Directors;
4. Election of the Directors and the Auditors;
5. Any Other Business.
Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the majority of the shareholders present or represented. A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a shareholder of the Fund.
By Order of the Board of Directors

Wells Fargo & Company
US$150,000,000
Floating rate subordinated notes due 1992
In accordance with the provisions of the notes, notice is hereby given that for the interest period 31 December, 1991 to 31 January, 1992 the notes will carry an interest rate of 5% per annum. Interest payable on the relevant interest payment date 31 January, 1992 will amount to US$43.06 per US$10,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

Wells Fargo & Company
US$200,000,000
Floating rate subordinated notes due 2000
In accordance with the provisions of the notes, notice is hereby given that for the Interest Period 31 December, 1991 to 31 January, 1992 the Notes will carry an Interest Rate of 5¹/₄% per annum. Interest payable on the relevant interest payment date 31 January, 1992 will amount to US$45.21 per US$10,000 note and US$226.05 per US$50,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

Wells Fargo & Company
US$100,000,000
Subordinated floating rate capital notes due September 1997
In accordance with the provisions of the notes, notice is hereby given that for the Interest Period 31 December, 1991 to 31 March, 1992 the notes will carry an interest rate of 5% per annum. Interest payable on the relevant interest payment date 31 March, 1992 will amount to US$126.39 per US$10,000 note.
Agent: Morgan Guaranty Trust Company
JPMorgan

31 December 1991
CFX
Credit for Exports PLC
(Incorporated in England with limited liability)
U.S. $155,000,000
Unsecured Floating Rate Notes
due 1985 to 1992
In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 2nd January 1992 to 1st July 1992 has been established at 4.375 per cent. per annum.
The interest payment date will be 1st July 1992. Payment, which will amount to U.S.$219.97 per Note, will be made against the relative coupon.
Agent Bank
Morgan Grenfell & Co. Limited

U.S.$200,000,000
CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.
(Incorporated with limited liability in the Netherlands Antilles)
GUARANTEED FLOATING RATE SUBORDINATED NOTES DUE 1994
Guaranteed on a Subordinated basis by
Continental Illinois Corporation
(Incorporated with limited liability in Delaware, USA)
In accordance with the provisions of the Notes and the Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24, 1982, notice is hereby given that the Rate of Interest has been fixed at 5.25% p.a. and that the interest payable on the relevant Interest Payment Date March 31, 1992 against Coupon No. 39 will be U.S.$132.71 in respect of U.S. $10,000 nominal amount of the Notes.
December 31, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank
CITIBANK

AMERICAN EXPRESS BANK
U.S. $100,000,000
Floating Rate Subordinated Capital Notes Due 1997
Notice is hereby given that the Rate of Interest has been fixed at 4.5% and that the interest payable on the relevant Interest Payment Date March 31, 1992, in respect of U.S. $10,000 principal amount of Notes for the period December 31, 1991 to March 31, 1992 will be U.S. $113.75.
December 31, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank
CITIBANK

NIPPON STEEL INTERNATIONAL FINANCE Plc
US $12,000,000
Floating Rate Notes 1992
Interest Period: 31st December, 1991 to 31st March, 1992
Interest Rate: 4.975% per annum
Interest Payment due 31st March, 1992
per US $100,000 Note US $1,257.67
Nippon Credit International Limited London
Agent Bank
31st December, 1991

aquitaine uk limited
£368,015,000
Guaranteed Unsecured Floating Rate Notes 2003.
For the six months 24th December, 1991 to 24th June, 1992, the Notes will carry an interest rate of 10.9% per annum with an interest amount of £272.50 per £5,000 Note, payable on 24th June, 1992.
Bankers Trust Company, London Agent Bank

COMMODITIES AND AGRICULTURE

Platinum price reaches lowest level for 6 years

By Kenneth Gooding, Mining Correspondent

PLATINUM'S PRICE was fixed in London yesterday morning at $330 a troy ounce, its lowest level for six years. The price recovered a little in lack-lustre trading to close in London at $332, down $2.65 an ounce from Friday's close.

Since the end of November platinum, which is primarily used in automotive anti-pollution catalysts and jewellery, has lost more than 10 per cent of its value. Japanese investors, who traditionally dominate platinum trading, have been cutting their losses on Tokyo Commodity Exchange contracts to buy the metal for future delivery.

Many Japanese dealers continue to take a bearish view of the outlook for the white metal. Mr Kentaro Ojima, general manager of Sumitomo Corporation's precious metals dealing department, told Reuter: "Japanese investors are waiting for a chance to liquidate their long positions, making the market sensitive to any bearish news. There are many longs, especially in the February contract and heavy long-liquidation is likely next month".

He suggested the platinum price might sink to $300 under this pressure.

London analysts pointed out that negotiations between Russia and the Japanese about 1992 platinum supply contracts are going on and might be a special factor in the present price collapse.

"A cynic might attribute the sell-off partly to an attempt by Japanese trade houses to shift the balance of power in negotiations with the Russians further away from the forced seller," suggested Mr Andy Smith, analyst with the Union Bank of Switzerland. "Even if contract prices are fixed on a rolling basis, starting next year at $330-340 is better [for the Japanese buyers] than $370. And the fright to speculators may postpone a big spike in the price into the second half of 1992."

Mr David Drummond, analyst at the CS First Boston financial services group, pointed out that the market for platinum "was always going to be delicately poised in the years 1992 to 1994 as production increased even more rapidly than consumption from the automobile industry in Europe".

An estimated supply surplus of 210,000 ounces in 1991 and a further 70,000 ounces in 1992 was likely to keep prices under pressure, he said.

"This required urgent action by the major producers but so far only the effective closure of Barplats' platinum operations [in South Africa] has had any real impact," Mr Drummond added.

Bulgaria to halt production at its biggest lead plant

BULGARIA WILL halt production at its biggest lead plant for several months for environmental reasons, officials said, reports Reuter from Sofia.

The government decided to suspend lead production in the plant in Plovdiv, 150 km (30 miles) south-east of Sofia, from tomorrow, because of severe pollution of the best agricultural land in the country, Mr Ivailo Danailov from the government press centre said.

"The annual profit of the plant from lead production (including silver) is some $70m," said Nikola Dobrev, director of the plant.

Its annual production has now dropped to about 35,000 tonnes of lead from 96,000 tonnes in previous years.

The production was cut several months ago in order to reach the minimum necessary to keep the plant's systems in operation.

"Bulgarian lead is famous for its purity and has an unlimited market in the whole world," the director said. "It is a stable currency source for Bulgaria."

Total lead production in Bulgaria is now running at 54,000 tonnes a year. The second biggest lead plant is in the southern Bulgarian town of Kardzhali.

● Base metals producer MIM Holdings said its Isasmelt lead plant in Mount Isa, Queensland, would be closed for about a week for repairs after an explosion yesterday.

The explosion occurred when molten slag, discharged from a smelting furnace at the plant after a refactory failure, mixed with water in spillage pits, the company said. Nobody was injured.

"The plant will be closed down for approximately a week to allow refractory [furnace] repairs to be undertaken," MIM said, nut it made no estimate of the effect on output.

MIM produced 147,000 tonnes of crude lead at Mount Isa in the year to June 30, down from 160,000 tonnes in 1989-90.

Geneticists hope to make wool moth-proof

AUSTRALIAN SHEEP may soon be growing wool that naturally repels insects, making fly and moth attacks a thing of the past, reports Reuter from Sydney.

Scientists at the Commonwealth Scientific and Industrial Research Organisation have successfully modified the biochemistry of laboratory sheep, making their wool follicles secrete repellents against moths, blowflies and other insects.

"By using genetic engineering. . . the animals can be induced to secrete a substance repellent to insects," said geneticist Oliver Mayo of the organisation's animal production division.

Australia is the world's largest producer of wool and has about 165m sheep. One of the most prevalent diseases in sheep – "fly-strike" – is estimated to cost Australian farmers A$200m (£80m) a year.

CSIRO biologist Terry Leche said the process would also allow clothing made from the fleece to be naturally moth-repellent.

Mr Mayo said if trials on the experimental sheep succeeded, wool would become naturally moth-proof. Farmers would not need to use toxic chemicals to protect sheep against insect-borne diseases, nor would fleece have to be treated against moths after shearing.

The group was also applying a new genetic engineering technique that would make all fleece creamy white, Mr Leche said.

Using "gene shears" developed at another CSIRO division, the group expects soon to inactivate a sheep's tyrosinae gene, which produces the dark patches in many sheep.

Dark fleece is of lower quality, earns farmers lower returns and must be manually separated after shearing.

Iceland to quit whaling body

ICELAND HAS decided to leave the International Whaling Commission, saying that the body had become out-of-date, reports Reuter from Reykjavik.

Mr Thorsteinn Palsson, the fisheries minister, announced on Friday that a cabinet meeting of the Icelandic government had unanimously agreed to leave the IWC on June 30, 1992 and would formally notify the group by the end of this year.

"The Icelandic government concluded that the IWC is, and will remain, an anachronistic and ineffective organisation," he said.

But Iceland would not resume its whale hunt in 1992.

Greek entrepreneurs reap a rich marine harvest

Kerin Hope reports on the rapid spread of fish farming in the eastern Mediterranean

FROM A plane flying high above the Aegean you can spot the rectangular outlines of fish-fattening cages in dozens of sheltered island inlets.

Sea-farming is thriving in Greece, with more than 100 fisheries raising sea bream and sea bass in commercial quantities, using locally-hatched fry. Greece now produces about 30 per cent of the 60m juvenile bream and bass hatched in the Mediterranean. Bream is the most popular fish locally, while bass *(loup de mer)* is a delicacy in France, Italy and Switzerland, where wholesale prices can reach $18 a kilogram.

Cephalonia Fisheries in western Greece pioneered the business of fattening fish in cages at sea, under more natural conditions than the artificial ponds used in the western Mediterranean. The company started importing fry from France in the early 1980s and now maintains 2.4m fish, all hatched from its own brood stock.

"Mediterranean fish farming was still in the experimental stage when we started. We had so few fish in the cages we could practically give them names. It's only in the last three years that we've moved into profit," says Mr Alexandros Romanos, the company's managing director. He and his partners decided to set up the farm on their native island of Cephalonia, partly because the long, narrow Argostoli Gulf seemed an ideal place to anchor fish cages and partly "because there weren't too many fishermen on the island who would oppose the project out of fear of competition."

This year they expect to sell almost 400 tonnes of fish out of total Greek cage production of 2,000 tonnes. More than 70 per cent of Cephalonia Fisheries' output is exported, mostly to Italy. Profits for 1991 are forecast at Dr300m ($1.8m), double last year's figure.

Generous European Community grants, coupled with Greek government incentives for investing in remote regions of the country, have encouraged other Greek entrepreneurs to try fish-farming. Eight other hatcheries and more than 70 new cage farms have been established since 1987. Total production is expected to rise to 10,000 tonnes in the next four years.

The new farms have benefited from work at Cephalonia to overcome breeding problems and develop cost-effective feeding of marine fish.

"This is a business fraught with technical difficulties," says Mr John Sweetman, the farm's assistant manager. "At the beginning, for example, we were producing fish with bent backbones that couldn't grow to market size." Both bass and bream produced at the farm's hatchery were failing to develop swim bladders, which fish use to maintain their position in the water, and were growing excess muscle along the spine from constant movement of their fins. "We realised they weren't penetrating the surface of the water to take the gulp of air needed to form the swim bladder. The problem was solved by having air blowing constantly over the surface of the tanks to keep it completely free of debris," Mr Sweetman says.

Feeds for sea bream and bass had to be developed because, unlike salmon, they cannot eat dry food immediately after hatching. As feed can amount to 30 per cent of overall production costs, it is important to get the diet right. Live feed, in the form of marine organisms artificially enriched with proteins and vitamins, is produced at the hatchery. Survival rates of fry fed on the enriched diet before they are weaned on to dry food are noticeably higher, according to Mr Sweetman.

When they reach a weight of five grams, the juvenile fish are transferred to steel-framed cages anchored in the shelter of cliffs across the gulf from the hatchery. The cages, imported from Ireland, are built to withstand a force 10 gale.

"It takes 18 months for a bream to reach a marketable size of 350 grams and 20 months for a bass. If the cages break apart in a storm or the nets underneath get ripped, we stand to lose a billion drachmas' worth of fish," says Mr Athanassios Frentzos, the farm manager. Despite the rapid growth in farmed production, prices for bream and bass have shown only a slight decline, while markets abroad remain stable. Greece imports up to 50,000 tonnes of fresh fish every year, but since bass and bream are among the most expensive varieties, they cannot take the place of cheaper imports.

Bream is the most popular fish locally

Cephalonia Fisheries has embarked on a Dr580m expansion plan, aimed at doubling production by 1996. The intention is to build a stronger marketing network in Greece and create new export markets. Attention is focused on developing other varieties of fish, as well as on disease prevention. Several cages already contain red bream, popular in Japan. Another candidate for large scale farm production is dentex, sought after in Mediterranean countries, though feeding problems at the early stage have still to be overcome. "There will be a sharp fall in prices before much longer because output is growing so fast. We think that bringing new varieties of fish to the market is crucial to staying ahead," says Mr Romanos.

Soviet sales hit minor metals market

By Kenneth Gooding

REPERCUSSIONS FROM upheavals in the former Soviet Union are begining to take their toll on North America's minor metals producers.

Amax, the US natural resources group, says its Climax Molybdenum subsidiary will reduce by about 30 per cent its output of molybdenum concentrate in the first half of next year compared with the same months of 1991, and "employment levels are being adjusted commensurate with the reduced level of activity".

Meanwhile, the Aluminium Company of America (Alcoa) is to cut production and staff by half at its Addy, Washington, magnesium smelter. It blames the recession and claims its overseas markets have been decimated by Soviet dumping in Europe and Asia.

Molybdenum is a versatile and cost-effective alloying agent in speciality steels, cast irons, nickel, cobalt and titanium-based alloys. In the chemical industry it is usually employed in the formulation of catalysts, lubricants and pigments.

Amax suggests that the total western world molybdenum consumption in 1991 was between 185m lb and 190m lb against more than 200m lb in 1990. It says demand was badly affected by a drop in imports by the former eastern bloc countries. Compared with annual imports of 20m to 24m lb this year these countries will take only about 10m lb.

Consequently Climax is to cut its first-half 1992 output by 30 per cent from the 22.1m lb produced in the January-June period this year.

Nevertheless, the company is pressing ahead with the redevelopment of its open pit molybdenum mine near Leadville, Colorado, starting in the first half of 1992.

Magnesium is the lightest of all the common metals but has great strength and rigidity. It is used as an alloying element because of its light weight or for its chemical reactivity. When used with aluminium it adds tensile strength, hardness, weldability and corrosion resistance. It is used in containers and packaging (notably beverage cans) and for automotive components, pressure die-castings for consumer durables, and by the building and construction, aerospace and defence industries.

Alcoa's Northwest Alloys subsidiary, which employs about 500 people, is suffering from "extremely depressed conditions in both domestic and foreign markets," according to Mr Donald Simonic, its president. The company "is unable to participate in foreign markets because of the large amount of Russian magnesium being dumped in both Europe and Asia at extremely low prices in an effort to generate hard currency to supply the economy," he adds.

Reports see poor outlook for arabica coffee market

By David Blackwell

THE NEW year prospects for the arabica coffee market remain poor, according to two recent reports.

E.D. & F. Man, the London trader, says in its World Coffee Situation that prices look likely to remain on the defensive in the early part of 1992, following high production in Colombia and continuing selling pressure from Central American milds producers.

The Economist Intelligence Unit, in its World Commodity Forecasts, is predicting an average arabica price of 80 cents a lb for the first quarter, compared with 89.1 cents last year.

"With world stocks at very high levels and no prospect in our view of the ICO (International Coffee Organisation) regaining control of the market until late 1993 at the earliest, the outlook for prices throughout most of 1992 remains poor," says the EIU.

Both reports point out that output from Brazil, the world's biggest producer, will fall in 1992-93. The EIU believes forecasts of a drop below 20m bags to be excessive. Man's initial estimate is for 19.5m bags, down 26.5 per cent, while the US Department of Agriculture is predicting 22m bags.

Man points out that many in the trade will treat early forecasts of a low Brazilian crop with much scepticism. Last April a wave of selling from Brazil hit the market after initial estimates of around 20m bags were followed by an actual crop of between 26m and 28m bags.

However, Man says forecasters have consistently highlighted a sharp fall in the number of Brazil's coffee trees, now put at 3.6bn, a fall of 14 per cent from the 1988 peak.

WORLD COMMODITIES PRICES

MARKET REPORT

Base metals closed higher across the board on the London Metal Exchange in thin trading. Copper prices moved ahead as the market caught up with movements on Comex late last week, when London was closed for Christmas. By midday Comex copper futures were lower, also in thin trading as books were squared ahead of the New Year holiday. However one analyst described a buoyant undertone to the market because of falling interest rates in both the US and Japan which should both underpin equity markets and bode well for future economic activity. LME aluminium prices closed firmer on trade buying and short covering. Lead prices advanced as a burst of short covering emerged in the afternoon. This might have been a belated reaction to earlier news of a one-week closure of the Mount Isa smelter after an explosion and a shut-down at Bulgaria's largest smelter because of pollution problems. In Chicago wheat was mostly lower at midday, mainly on profit taking after last week's gains. Observers said wheat fundamentals remained bullish; these include rain-delayed harvesting in Argentina, forecasts for tight US stocks in 1992 and flooding in Texas. Soyabeans were down on selling by commission houses and commodity funds.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.70-4.80q	+.125
Brent Blend (dated)	$17.90-8.05	+0.20
Brent Blend (Feb)	$17.80-7.85	+0.15
W.T.I. (1 pm est)	$18.80-8.90q	+.125
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$192-196	
Gas Oil	$165-166	-½
Heavy Fuel Oil	$64-65	
Naphtha	$185-186	
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$351.75	-1.60
Silver (per troy oz)♣	384.5c	-9.5
Platinum (per troy oz)	$332.00	-2.65
Palladium (per troy oz)	$79.35	-0.40
Copper (US Producer)	101.80	+0.35
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.81r	
Tin (New York)	260.25c	+1.75
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.29p	-5.48*
Sheep (dead weight)†	189.57p	-4.44*
Pigs (live weight)†	89.05p	-1.45*
London daily sugar (raw)	$234.6z	+4.0
London daily sugar (white)	$275.2z	+2.2
Tate and Lyle export price	£233.0	+1.5
Barley (English feed)	£125.5y	
Maize (US No. 3 yellow)	£147.5y	
Wheat (US Dark Northern)	£101.0	
Rubber (Feb)♥	47.75p	
Rubber (Mar)♥	48.00p	
Rubber (KL RSS No 1 Jan)	213m	
Coconut oil (Philippines)§	$710v	
Palm Oil (Malaysian)§	$382.5u	
Copra (Philippines)§	$460t	
Soyabeans (US)	£143y	
Cotton "A" index	61.35c	
Wooltops (64s Super)	415p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Feb t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Jan z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	196.00	196.00	196.60	195.00
May	193.00	193.00	193.20	192.00
Aug	197.00	198.00		
Oct	194.00	199.00		
White	Close	Previous	High/Low	
Mar	276.5	276.5	276.8	276.5
May	276.0	276.0	277.0	275.5
Aug	280.5	280.5		
Oct	282.0	282.5		

Turnover: Raw 78 (398)lots of 50 tonnes. White 123 (842)
Paris- White (FFr per tonne): Mar 1462.76, May 1477.58

CRUDE OIL – IPE			$/barrel	
	Close	Previous	High/Low	
Feb	17.72	17.68	17.84	17.62
Mar	17.64	17.60	17.81	17.54
Apr	17.55	17.51	17.75	17.55
May	17.50	17.40	17.50	17.46
Jun	17.41	17.40	17.70	17.40
Oct	17.40		17.70	
IPE Index	17.61	17.57		

Turnover 10860 (14850)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Jan	181.75	182.25	184.25	181.00
Feb	184.00	184.50	186.00	183.25
Mar	184.00	184.00	185.00	183.50
Apr	182.00	181.25	183.50	182.00
May	181.25	180.00	182.00	181.25
Jun	182.50	181.00	183.00	181.00
Jul	184.75	183.25	185.00	183.50
Aug	168.00	165.25	166.00	
Sep	170.00	167.00		

Turnover 10992 (9026) lots of 100 tonnes

TEA
There were 4,400 packages for the day, with no landed auction, reports the Tea Brokers' Association. There was good demand offshore, at fully firm rates, with brightest teas dearer. The highest price realised this week was 108p for a Kenya Pf.1

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Dec	738	735	739	
Mar	758	766	770	753
May	783	790	794	779
Jul	810	816	820	806
Sep	833	839	843	832
Dec	864	870	872	862
Mar	891	897	898	882

Turnover: 3644 (1867) lots of 10 tonnes
ICCO Indicator prices (SDRs per tonne). Daily price for Dec.27 971.68 (976.15) 10 day average for Dec.30 983.70 (983.94)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Jan	1002		1020	1000
Mar	1000	1014	1014	1000
May	1002	1013	1009	1000
Sep	1025	1030	1025	

Turnover:895 (722) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Dec.27: Comp. daily 62.45 (62.36) 15 day average 62.52 (62.69)
Sterling close: January £542 , March £ 545

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	121.0		121.0	120.5
May	141.0		139.0	

Turnover 4 (0) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Apr.	125.00	121.50	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Apr	1548		1550
BFI	1492		

Turnover 6 (3)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Jan	125.75	125.75	125.75	
Mar	129.30	128.40	129.35	129.25
May	132.85	132.75	132.85	132.75
Barley	Close	Previous	High/Low	
Jan	119.10	119.10	119.10	
Mar	122.55	122.50	122.55	

Turnover: Wheat 157 (321), Barley 132 (73).
Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Jan	108.5	108.7	108.5
Feb	107.5	107.0	107.0
Mar	108.5	107.5	
Apr	108.0	107.5	
May	110.0	109.5	

Turnover:6 (21) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	131.10	130.05			

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 19,057 lots
Cash	1124.5-5.5	1113-4	1118	1117.5-8.0		
3 months	1148.5-9.0	1137-7.5	1140/1155	1142.5-3.0	1152-3	124,712 lots
Copper, Grade A (£ per tonne)						Total daily turnover 24,870 lots
Cash	1165-6	1154.5-5.0	1167/1161	1165-6		
3 months	1193-3.5	1182-2.5	1196/1193	1194-5	1196-7	99,686 lots
Lead (£ per tonne)						Total daily turnover 1,662 lots
Cash	295.5-6.5	290-0.5		288-8.25		
3 months	306.5-7.0	300-1	307/299	299.5-300	304-5	15,928 lots
Nickel ($ per tonne)						Total daily turnover 2,889 lots
Cash	7200-10	7150-60		7185-7		
3 months	7235-40	7205-6	7240/7200	7200-5	7230-40	19,763 lots
Tin ($ per tonne)						Total daily turnover 596 lots
Cash	5820-30	5575-80		5603-5		
3 months	5868-72	5825-30	5875/5845	5850-5	5840-5	4,597 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,263 lots
Cash	1173-5	1166-6.5		1173-5		
3 months	1114-5	1111-1.5	1118/1113	1118-8.5	1117-9	39,598 lots
LME Closing £/$ rate:						
SPOT: 1.8670		3 months: 1.8366		6 months: 1.8119		9 months: 1.7858

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	351.50-352.00	
Opening	353.20-353.70	
Morning fix	353.30	189.470
Afternoon fix	353.15	188.850
Day's high	353.50-353.90	
Day's low	351.40-351.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.60	6 months	3.43
2 months	3.58	12 months	3.33
3 months	3.51		

Silver fix	p/fine oz	US cts equiv
Spot	206.20	386.00
3 months	211.65	389.60
6 months	217.20	393.60
12 months	228.05	401.60

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.00-354.00	189.00-189.50
Maple leaf	364.00-365.00	194.50-195.00
New Sovereign	86.50-87.50	46.25-46.75

TRADED OPTIONS

Coffee	Mar		Mar	
550	23		21	
600	7		55	
650	2		100	
Cocoa	**Mar**	**May**	**Mar**	**May**
850	121	25	75	86
875	106	19	87	105
900	97	15	101	126
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
1850	20			
1900	.10			
1950				

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	352.8	353.9	351.0	351.0
Feb	353.9	356.0	354.8	352.3
Apr	356.2	357.4	358.9	354.3
Jun	358.3	359.5	359.0	356.8
Aug	360.5	361.7	361.5	359.0
Oct	362.5	363.7	0	0
Dec	364.7	365.9	365.0	363.5
Feb	367.0	368.2	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	331.1	333.6	334.0	331.0
Apr	336.1	334.7	336.0	332.2
Jul	336.1	336.7	337.0	335.0
Oct	343.9	342.2	343.0	342.0
Jan	345.3	343.6	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	384.6	395.6	384.0	384.0
Feb	386.5	387.5	386.0	385.0
Mar	387.6	398.8	396.0	384.0
May	391.2	392.2	391.0	388.0
Jul	394.4	395.4	393.0	391.0
Sep	397.7	398.6	0	0
Dec	402.7	403.6	400.0	399.5
Jan	404.6	405.4	0	0
Mar	408.1	409.2	408.5	408.5
May	411.7	413.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	97.70	98.70	98.30	97.40
Feb	98.05	99.00	0	0
Mar	98.45	99.20	99.10	98.10
Apr	98.40	99.00	98.50	98.50
May	98.25	98.80	98.50	97.80
Jun	98.15	98.66	98.00	98.00
Jul	98.10	98.50	98.00	97.65
Aug	98.05	98.45	97.90	97.90
Sep	98.00	98.30	0	0
Oct	97.85	98.10	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Latest	Previous	High/Low	
Mar	8.99	9.00	9.03	8.93
May	8.82	8.84	8.85	8.79
Jul	8.74	8.76	8.76	8.70
Oct	8.63	8.61	8.64	8.59
Mar	8.59	8.60	0	0
May	8.55	8.59	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Close	Previous	High/Low	
Feb	18.65	18.76	19.02	18.56
Mar	18.64	18.78	18.99	18.57
Apr	18.70	18.77	18.95	18.60
May	18.75	18.82	18.99	18.67
Jun	18.81	18.87	19.02	18.76
Jul	18.87	18.92	19.04	18.83
Aug	18.93	18.97	19.09	19.01
Sep	18.99	19.02	19.15	19.04
Oct	19.04	19.07	19.20	18.97
Nov	19.09	19.11	19.20	19.04

HEATING OIL 42,000 US galls, cents/US galls				
	Close	Previous	High/Low	
Jan	4808	5038	5100	4800
Feb	5016	5167	5230	5008
Mar	5117	5242	5295	5100
Apr	5145	5220	5290	5120
May	5063	5120	5210	5050
Jun	5021	5075	5170	5010
Jul	5011	5065	5160	5050
Aug	5091	5145	5250	5130
Sep	5218	5270	0	0
Oct	5311	5365	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1284	1297	1297	1282
May	1321	1337	1333	1321
Jul	1355	1369	1363	1360
Sep	1383	1395	1391	1385
Dec	1420	1430	1433	1420
Mar	1448	1461	0	0
May	1470	1483	0	0
Jul	1495	1508	0	0
Sep	1517	1530	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	77.05	78.55	78.75	77.50
May	79.90	81.50	81.40	80.90
Jul	82.60	84.05	83.60	83.00
Sep	85.15	86.75	0	0
Dec	88.75	90.50	0	0
Mar	91.90	93.15	93.00	92.25
May	94.15	95.00	95.00	95.00

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	59.24	62.00	59.59	59.07
May	60.72	63.85	60.98	60.55
Jul	61.95	64.25	62.20	61.80
Oct	63.77	65.47	63.86	63.75
Dec	63.90	66.20	64.15	64.00
Mar	66.05	65.47	0	0
May	65.90	66.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	154.30	155.95	155.10	153.10
Mar	155.00	156.80	155.25	154.00
May	155.75	156.85	155.75	154.30
Jul	155.85	156.50	156.50	154.50
Sep	155.25	155.25	156.00	154.00
Nov	145.75	145.25	146.00	145.50
Jan	144.25	142.95	0	0
Mar	144.25	142.95	0	0
May	144.25	142.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Dec.30	Dec.27	mnth ago	yr ago
1599.1	1592.3	1636.8	1709.2

DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec.27	Dec.26	mnth ago	yr ago
Spot	112.58	112.23	116.05	123.31
Futures	120.27	120.37	122.48	128.39

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Jan	552/4	562/4	561/0	552/0
Mar	554/4	565/4	564/6	555/0
May	560/6	570/6	569/4	561/0
Jul	569/4	579/0	577/4	570/0
Aug	573/0	582/4	580/4	573/0
Sep	576/0	585/0	582/0	576/4
Nov	580/6	587/6	587/0	578/4
Jan	589/4	597/4	589/4	589/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Jan	18.48	18.81	18.80	18.42
Mar	18.76	19.10	19.07	18.73
May	19.07	19.40	19.37	19.02
Jul	19.35	19.65	19.65	19.35
Aug	19.55	19.85	19.80	19.55
Sep	19.67	20.05	20.00	19.66
Oct	19.75	20.15	20.10	19.75
Dec	20.10	20.45	20.30	20.10

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Jan	173.6	176.7	176.0	174.0
Mar	171.7	174.9	173.8	171.8
May	171.7	174.4	173.6	171.5
Jul	172.7	175.8	174.5	172.6
Aug	173.7	176.9	174.7	173.6
Sep	174.0	176.9	176.0	173.8
Oct	186.5	189.5	189.0	186.0
Dec	190.0	191.0	191.0	189.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	251/6	254/2	255/6	251/4
May	257/4	260/2	259/6	257/6
Jul	262/2	265/0	264/4	262/2
Sep	260/0	261/4	261/2	260/2
Dec	257/4	259/6	258/2	257/2
Mar	263/6	265/4	0	263/6
May	268/0	269/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	397/6	404/6	404/2	398/0
May	375/4	380/2	380/0	375/4
Jul	338/4	340/0	341/4	338/4
Sep	343/2	344/0	345/4	342/4
Dec	352/2	355/0	355/0	352/0
Mar	356/0	356/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	71.77	70.72	71.85	70.85
Apr	72.70	72.02	72.80	72.05
Jun	68.62	68.42	68.95	68.55
Aug	66.80	66.82	66.90	66.65
Oct	67.15	67.15	67.30	67.70
Dec	68.20	68.15	68.10	67.90

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	39.12	39.57	39.60	38.90
Apr	37.50	37.75	37.80	37.25
Jun	42.60	42.67	42.87	42.60
Jul	43.35	43.57	43.60	43.30
Aug	42.42	42.77	42.70	42.40
Oct	40.10	40.42	40.35	39.97
Dec	42.92	43.15	43.25	42.85
Feb	43.80	43.85	43.90	43.85

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	36.27	36.37	36.75	36.67
Mar	36.57	36.65	37.00	36.35
May	37.62	37.40	37.80	37.10
Jul	37.97	37.80	38.20	37.40
Aug	37.17	37.40	37.20	36.85

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LONDON STOCK EXCHANGE

Equity recovery runs out of support

By Terry Byland, UK Stock Market Editor

UK EQUITIES had to fight hard to hold on to their Christmas rally yesterday. Trading volume remained low and shares moved cautiously against a backcloth of increasing nervousness over the pound and the economic and political outlook in the UK.

The stock market is poised to see how sterling performs when the global foreign exchange markets return to full throttle after New Year's Day. Concern that UK base rates could be forced higher continued as a Treasury minister ruled out a devaluation of sterling, and the pound continued to drift lower in its ERM range. The unexpected half-point cut in the discount rate by the Bank of Japan was seen as a further indication of global economic fragility.

Account Dealing Dates		
*First Dealings:		
Dec 9	Dec 30	Jan 13
Option Declarations:		
Dec 23	Jan 9	Jan 23
Last Dealings:		
Dec 27	Jan 10	Jan 24
Account Day:		
Jan 6	Jan 20	Feb 3

*New-time dealings may take place from 8.30 am two business days earlier.

The stock market followed an erratic course, often responding to the futures markets, which were themselves driven by technical factors ahead of the expiry today of the December contract on the Footsie and the Index option contract.

The final reading showed the FT-SE Index 1.3 up at 2,420, but the reading was distorted by a £1 gain in Wellcome and a smaller advance in Fisons, which between them represented a near seven-point move in the Footsie.

Wellcome rose on favourable news on its anti-Aids products, while Fisons benefited from a further statement from the board on last week's adverse reports concerning sales prospects in the US for some of Fisons' products.

Equities opened firmly, helped by a strong premium on the December Footsie contract in its final two trading sessions. But the premium faded as investors traded the spread between the December contract and the March contract, which will supersede it when the market returns from the New Year's Day break.

The UK market then slipped downwards, showing a net fall of 14.7 before Wall Street opened the new session firmly, showing a gain of 20 points on the Dow in UK hours.

Seaq volume developed slowly and, despite a modest increase towards the close, totalled only 274.2m shares for the full session compared with 153.2m for Friday's half-day market. While there were noticeably fewer overnight tax trades yesterday, the trading total included a 4.9m contribution from Fisons.

Blue chip internationals were restrained by weakness in sterling and by political uncertainties prompted by the latest UK public opinion poll, which indicated an increased lead for the Labour opposition party. Consumer stocks looked depressed after initially poor reports on the winter sales at Britain's leading stores. The high street banks, which report year-end profits in February, turned downwards as City analysts assessed the size of the bad debt problem.

The pre-Christmas rally across the broad range of equities was checked by bearish views on economic prospects disclosed by surveys from the Institute of Directors and by private public opinion groups. Dun & Bradstreet, the business information group, reported a 65 per cent rise this year to record levels in UK business bankruptcies.

Only the international pharmaceutical stocks continued to stand out firmly yesterday, as their global marketing profiles continued to offer some relief against the problems now besetting the domestic economy.

Strong rise in Wellcome

INVESTORS added £855m to the market valuation of Wellcome yesterday on news that the pharmaceuticals group had positive results from its anti-herpes drug Zovirax in tests on patients with Aids. The tests, which used a cocktail of Zovirax and another Wellcome drug, AZT (Retrovir), have yet to be fully analysed by the company, but analysts said the early data looked encouraging. The shares leapt 99 to 1066p.

Zovirax, which is used in the treatment of herpes and shingles, is more expensive than AZT, and pricing could be a potential problem for its success. Analysts also cautioned that confirmation of the drug's success in treating Aids still had a long way to go.

"Although fundamentally expensive, the stock is popular and the market is tight," said Andrew Porter at Nikko Europe. "I do not see any reason why the gains cannot be sustained." He added that further success for Zovirax is likely shortly with approval by US authorities for its use in the treatment of chicken pox.

After falling foul of a US technical report on Friday, Fisons rose 18 to 313p yesterday in brisk turnover of 5.4m on releasing a statement repudiating the criticism of its drug-testing procedures.

SmithKline Beecham jumped 30 to 853p after finding favour among fund mamagers' share tips for the new year in the weekend press. The shares additionally benefited from Wellcome's rise, the company also being heavily involved in developing anti-herpes drugs.

Racal Electronics took the accolade as the most heavily traded stock in the market and closed at 49p ex-dividend.

BT "new" were not far behind, with 10m traded as the partly-paid came under yet more selling pressure from private investors and closed 1¼ easier at 121½p. S.G. Warburg Securities, the global co-ordinator of the government's sale of stock in BT, is thought to have been "stabilising" the BT "new" share price during recent trading sessions. BT "old" lost 2 to 326p.

Exceedingly gloomy reports on the UK economy, coupled with an opinion poll in the weekend press showing a decline in popularity for the Conservative government, undermined sentiment in the politically sensitive utilities sectors.

The Electricity Package fell 28 to £2745. Anglian Water eased 4 to 329p and Eastern Electricity fell 7 to 244p. The power generators, on the other hand, managed minor improvements, National edging up 2 to 140p and PowerGen the same amount to 151p.

Weekend press reports of the likely scale of bad debt provisions by the high street banks, due to announce preliminary figures in February, unsettled the banks sector. Dealers, pointing out that the reported figures were already in the market, said the sector was down in very limited turnover.

Barclays receded 8 to 369p on turnover of only 1.6m shares, while Lloyds dipped 5 to 380p. NatWest lost 3 to 272p and Midland 2 to 210p.

First National Finance, upset by weekend suggestions that Mr Richard Langdon, the chairman, may resign on Friday when the group releases preliminary figures that are expected to show losses in excess of £30m, fell 4 to 26p.

BP staged a minor rally as a handful of institutions moved in to take advantage of the recent steep decline in the share price. The heavy losses of recent sessions were inspired by talk of substantial profits downgrades, principally by US investment houses. At the close BP was 2 better at 279p in turnover of 4.1m.

Other oils, however, were broadly lower, weakened by fears of further falls in crude oil prices. Lasmo, under heavy pressure since it launched its ultimately successful bid for Ultramar, slipped 6 more to 221p on 2.1m, dragging down Ultramar shares in the process. The latter ended 11 off at 254p.

A rumour that Euro Disney had announced buoyant pre-entry bookings for the Paris venture left the shares 50 stronger at 1468p. The company later denied the report.

In thin trading the leading leisure stocks were again targeted for safety. Ladbroke rose 5 to 230p and Rank Organisation climbed 13 to 573p.

A weekend report that London office rentals have dropped to 1986 levels and the market would remain depressed in 1992 left property shares with a large commercial portfolio adrift. MEPC dipped 7 to 393p.

More bid talk pushed Dowty Group ahead 5 to 143p. Smiths Industries, off a penny at 260p, and TI Group, unchanged at 511p, were again the rumoured interested parties.

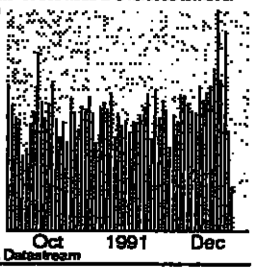
MARKET REPORTERS:
Christopher Price
Steve Thompson

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, See below.

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (19).
BRITISH FUNDS (1) Tr. 2pc IL 1992, **BREWERS & DISTILLERS** (1) Greenall 5.95pc Prf., **CONTRACTING & CONSTRUCTION** (1) Boot (H), **ENGINEERING GENERAL** (1) Hall Eng., **FOOD MANUFACTURING** (2) Everest Foods, Unilever, **HEALTH & HOUSEHOLD** (4) Amersham Intl., SmithKline Beecham A, Do. Equity Units, Wellcome, **HOTELS & LEISURE** (1) Euro Disney, **INVESTMENT TRUSTS** (1) Gartmore Amer. Secs. Zero Prf., **MEDIA** (3) Daily Mail A, Reed Intl., Reuters, **PACKAGING, PAPER & PRINTING** (1) De La Rue, **TEXTILES** (1) Campari Intl., **TRANSPORT** (2) BAA, British Airways.
NEW LOWS (33).
BRITISH FUNDS(2) Tr. 8½pc 2007 A, Tr. 2½pc IL 2024, **CHEMICALS** (1) Hartons, **CONGLOMERATES** (1) Trafalgar House, **CONTRACTING & CONSTRUCTION** (1) Bett Bros., **ELECTRONICS** (1) Riva, **ENGINEERING GENERAL** (2) Jones & Shipman, Sterling Inds., **FOOD MANUFACTURING** (1) Carr's Milling, **FOOD RETAILING** (2) Ashley, Low (Wm), **INVESTMENT TRUSTS** (3) EFM Inc., Murray Split Cap. Inc., Do. Cap. Units, **MERCHANT BANKS** (1) Joseph (L), **METAL & METAL FORMING** (1) Tinsley (E), **MISCELLANEOUS** (1) Tams (J), **OTHER FINANCIAL** (4) First Natl. Finance, Harvey & Thompson, Smith New Court, Do. Cv. Prf., **OTHER INDUSTRIAL MATERIALS** (2) Allied Partnership, Whitecroft, **PACKAGING, PAPER & PRINTING** (2) Gibbon Lyons, Wace 6pc Prf., **PROPERTY** (2) Dwyer 7¼pc Prf., Southend Property, **SOUTH AFRICANS** (1) OK Bazaars, **STORES** (4) Goldsmiths, Storehouse, Stylo, Wilding Office Equipment, **MINES** (1) Meekatharra.

FINANCIAL TIMES STOCK INDICES

	Dec 30	Dec 27	Dec 24	Dec 23	Dec 20	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.28	86.56	86.48	86.54	86.92	82.03	87.94 (19/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.72	96.80	96.71	96.91	97.27	90.62	97.49 (16/12)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1836.6	1841.6	1813.0	1781.4	1791.9	1673.7	2108.3 (2/9)	1608.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	142.6	143.6	143.9	141.9	143.5	154.6	222.6 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2420.0	2418.7	2384.4	2345.4	2358.1	2143.5	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1107.48	1103.91	1089.17†	1071.77	1076.75	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	5.00	5.00	5.08	5.15	5.12	5.73				
●Earning Yld %(full)	7.51	7.51	7.63	7.74	7.70	11.96				
●P/E Ratio(Net)(☆)	16.71	16.72	16.45	16.21	16.31	10.10				
SEAQ Bargns 4.45pm	22,819	9,433	11,101	22,215	24,056	15,018				
Equity Turnover(£m)†	-	294.71	507.60	926.35	1187.58	255.24				
Equity Bargains†	-	9,026	11,822	23,401	22,872	16,435				
Shares Traded (ml)†	-	179.9	377.6	738.8	584.0	120.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 ☆ Nil 15.77 † Partial.

Ordinary Share Index, Hourly changes — Day's High 1842.3 — Day's Low 1822.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1842.3	1830.5	1826.1	1830.5	1833.2	1838.1	1838.4	1838.1	1837.4

FT-SE 100, Hourly changes — Day's High 2426.6 — Day's Low 2404.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2426.6	2411.6	2408.5	2412.9	2414.3	2420.8	2421.4	2419.4	2418.6

FT-SE Eurotrack 200, Hourly changes — Day's High 1109.10 — Day's Low 1102.11

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1102.11	1103.20	1106.01	1106.43	1106.71	1107.58	1107.30

GILT EDGED ACTIVITY

Indices*	Dec 27	Dec 24
Gilt Edged Bargains	17.6	28.6
5 – Day average	49.8	61.9

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
AOT	167	378	+16	Cookson	784	102	-7	Lucas	1,300	113	-1	Shell Transport	1,400	482	-1
ASDA Group	11,000	32		Courtaulds	349	478	+11	MB Caradon	430	254	+5	Siebe	107	504	-4
Abbey National	514	283	-1	Dalgety	186	377	+3	MEPC	244	393	-7	Slough Ests	9	229	-1
Albert Fisher	3,400	69	+1	De La Rue	46	472	+2	Manweb	356	338		Smith (W H) A	156	444	-3
Allied-Lyons	475	595	-1	Dixons	804	197	+5	Marks & Spencer	3,800	268	-3	Smith & Nephew	2,000	138½	+½
Amstrad	2,000	23		ECC Group	151	472	+4	Midland Bank	863	210	-2	SmKl Beecham	3,200	853	+30
Anglian Water	272	329	-4	Eastern Elect.	1,400	244	-7	Midlands Elect.	738	283	-2	SmKl Beecham Uts.	452	3968	+205
Argos	346	289	+2	East Midland Elect.	1,000	285	-2	NFC	376	225	+1	Smiths Inds.	579	260	-1
Argyll Group	1,300	276		Enterprise Oil	468	436	-2	NatWest Bank	3,600	272	-3	Southern Elect.	436	274	-2
Arjo Wiggins	281	237	-½	Eurotunnel Units	160	403	+20	National Power	5,100	140	+2	South Wales Elect.	143	311	
Ass Brit. Foods	70	484	+1	FKI	111	49	-1	Next	1,400	55½	-½	South West Water	395	321	-4
BAA	810	524	+1	Ferranti	389	8½		North West Water	543	332		South West. Elect.	1,500	251	-3
BAT Inds.	1,000	812	+12	Fisons	5,400	311	+18	Northern Elect.	115	265	+1	Southern Water	187	311	-4½
BET	883	109	-1	Forte	927	228	+3	Northern Foods	382	563	-5	Standard Chartd.	330	409	-3
BICC	1,200	312	-1	Gen. Accident	411	437	-3	Norweb	372	300	-3	Storehouse	155	85	+½
BOC	375	598	-9	General Elect.	4,700	186½	+2	Pearson	270	675	+2	Sun Alliance	282	272	-2
BPB Inds.	1,200	126	-1	Glaxo	1,300	813	-6	P & O	1,800	424		T&N	488	109	
BTR	1,700	381	-1	Glynwed Int.	328	208	+1	Pilkington	721	134	+2	TI Group	134	511	
Bank of Scotland	340	111		Granada	192	188	+4½	PowerGen	3,100	151	+2	TSB	192	117	-2
Barclays	1,600	369	-8	Grand Met.	970	856		Prudential	3,400	238		Tarmac	1,300	113	+2
Bass	435	980	-9	GUS A	147	1389	-1	RHM	184	244	+2	Tate & Lyle	793	395	-1
Berisford Int.	1,100	18		GRE	1,900	111	-3	RMC	37	525	+1	Taylor Woodrow	353	136	+5
Blue Circle	419	215	-2	GKN	174	281	-2	RTZ	824	455	-8	Tesco	3,100	217	+2
Booker	132	439	-2	Guinness	4,400	493	-10	Racal	15,000	49	+1½	Thames Water	383	326	-2
Boots	423	426	-2	Hammerson 'A'	3	500	-8	Rank Org.	795	573	+13	Thorn EMI	207	734	
Bowater	250	650	+1	Hanson	4,000	194	+1	Reckitt & Colman	284	823	-1	Tomkins	349	405	
Brit. Aerospace	732	317	-3	Hanson Warrants	738	20½	-1	Redland	434	431	+3	Trafalgar House	1,000	120	-1
British Airways	2,400	229	+1	Harrisons Crosfield	1,000	119	+3	Reed Intl.	746	515	+2	Ultramar	683	254	-11
British Gas	8,600	259	-2	Hawker Sidd.	2	729	-1	Rentokil	39	365	+1	Unigate	289	285	-2
British Land	35	250	-2	Hillsdown	1,800	182	-1	Reuters	555	1013	+14	Unilever	962	876	+5
BP	4,100	279	+2	IMI	83	220		Rolls Royce	1,000	125		United Biscuits	433	386	-1
British Steel	4,300	66	-1½	ICI	284	1134	+1	Rothmans	313	1056	+14	Utd. Newspapers	735	318	+2
British Telecom	2,700	326	-2	Inchcape	582	380		Ryl Bk Scotland	537	157		Vodafone	1,400	380	+7
Br. Telecom New	10,000	121½	-1½	Kingfisher	486	467	-4	Royal Insurance	3,000	231	-2	Warburg (SG)	11	504	-4
Bunzl	1,300	80	-1	Ladbroke	1,300	230	+5	Saatchi	1,300	11¼	+½	Wellcome	2,200	1066	+99
Burmah Castrol	43	468	-7	Land Securities	640	445	-8	Sainsbury	871	365	+2	Welsh Water	363	346	+2
Burton	459	36½		Laporte	53	585	+3	Scottish & New.	412	402	-1½	Wessex Water	243	369	
Cable & Wire.	820	584	+1	Legal & General	423	363	-2	Scot. Hydro-Elect.	252	104		Whitbread 'A'	333	411	
Cadbury Schweppes	422	416	-2	Lloyds Abbey	492	354	-6	Scottish Power	2,300	102		Williams Hldgs	438	289	-3
Calor Group	62	210	-4	Lloyds Bank	254	380	-5	Sears	1,100	90	-2	Willis Corroon	47	246	-1
Carlton Comms	203	463	-1	LASMO	3,200	221	-6	Sedgwick	829	207	-2	Wimpey	2,000	118	
Coats Viyella	480	164	+1	London Elect.	306	244	-4	Seeboard	236	268	-1	Yorkshire Elect.	407	312	-2
Comm. Union	269	464	-2	Lonrho	623	151	-3	Severn Trent Water	976	310	-3½	Yorkshire Water	186	353	-1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 12.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STOCK INDEX futures had an active session yesterday, although much of the trading was of a technical nature, as the market professionals shifted positions from the December to the March contract on the Footsie. Concern over sterling and the UK economic outlook depressed sentiment.

The December contract, which expires today, moved to a peak of around 2,433 at first, lifting the equity market with it, before reacting to close at 2,421, virtually in line with the underlying index. The March contract moved to 2,460, making an expensive spread of 40 against December. Volume was fairly high, with December contracts exceeding 6,000 and March 5,000.

Traded options were less active, but with the FT-SE and Euro FT-SE contracts subscribing heavily to the day's total volume of 13,390 contracts, against 13,499 on Friday. The Footsie contract traded 6,291 and the Euro FT-SE 2,568.

Business in individual share contracts remained unexciting, with Cable and Wireless topping the list with a mere 543 contracts, and Ladbroke having 470 lots transacted. Wellcome, although very active in the stock market, traded only 282 option contracts, and Glaxo 377.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Monday December 30 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Dec 27 Index No.	Tue Dec 24 Index No.	Mon Dec 23 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (180)	726.06	-0.1	9.32	6.63	13.73	35.47	726.63	717.84	706.97	719.22
2 Building Materials (23)	862.60	+0.6	8.08	7.22	16.72	46.51	857.23	840.08	820.50	985.66
3 Contracting, Construction (29)	853.78	+1.3	8.76	8.68	16.74	51.61	843.22	833.43	822.60	1136.06
4 Electricals (10)	2291.28	-0.5	10.52	6.47	12.10	99.46	2302.92	2281.58	2266.56	1882.35
5 Electronics (26)	1688.00	....	10.89	5.09	11.65	67.27	1687.02	1675.92	1652.81	1518.10
6 Engineering-Aerospace (8)	324.22	....	16.66	8.02	7.30	18.73	324.38	322.74	318.78	398.60
7 Engineering-General (43)	448.48	-0.3	10.70	5.60	11.53	18.34	449.74	447.61	443.27	365.48
8 Metals and Metal Forming (9)	299.40	-0.5	2.11	11.75	-	26.43	300.92	299.38	292.51	403.78
9 Motors (12)	283.63	-0.4	9.13	8.49	14.55	17.76	284.69	279.11	275.93	296.64
10 Other Industrial Materials (20)	1446.50	-0.6	8.27	5.66	14.38	60.10	1455.44	1434.14	1413.04	1243.92
21 CONSUMER GROUP (189)	1546.36	+0.6	7.57	3.56	16.27	41.89	1537.74	1517.21	1499.05	1228.68
22 Brewers and Distillers (23)	1887.97	-0.8	8.95	3.76	13.51	51.88	1903.69	1887.09	1879.93	1591.87
25 Food Manufacturing (19)	1212.03	....	9.74	4.19	12.61	37.76	1212.08	1199.64	1187.44	1030.91
26 Food Retailing (17)	2341.06	+0.5	9.89	3.54	13.13	65.59	2330.35	2309.85	2273.64	2283.15
27 Health and Household (24)	4242.22	+2.3	4.84	2.27	23.72	72.76	4147.49	4078.10	4000.57	2568.62
29 Hotels and Leisure (24)	1210.89	+0.8	8.59	5.60	14.43	50.86	1201.43	1183.64	1168.26	1208.61
30 Media (23)	1364.36	+0.8	6.93	3.94	18.15	48.46	1353.79	1329.39	1315.36	0.00
31 Packaging, Paper & Printing (17)	699.61	....	7.71	4.75	15.71	24.72	699.65	693.66	689.22	523.99
34 Stores (32)	950.34	-0.6	7.76	3.91	17.06	27.65	956.08	939.93	930.75	784.81
35 Textiles (10)	578.94	+0.2	8.00	5.36	15.94	22.28	577.73	572.75	569.69	412.77
40 OTHER GROUPS (112)	1166.20	-0.1	10.41	5.76	12.11	44.86	1167.76	1151.48	1135.83	999.65
41 Business Services (13)	1349.01	-0.1	7.48	4.94	16.98	46.93	1349.97	1309.33	1272.97	0.00
42 Chemicals (21)	1349.74	+0.2	7.50	5.44	16.49	54.46	1347.43	1331.91	1322.19	1035.98
43 Conglomerates (11)	1242.12	-2.3	12.13	8.65	10.01	79.46	1271.14	1247.79	1203.24	1258.48
44 Transport (14)	2283.77	+0.7	5.62	4.95	23.44	80.08	2266.98	2230.25	2208.13	1912.40
45 Electricity (16)	1195.50	-0.1	15.17	6.22	8.58	27.53	1196.58	1187.19	1173.35	0.00
46 Telephone Networks(4)	1379.96	-0.2	11.37	4.54	11.48	31.72	1383.24	1367.71	1357.86	1141.07
47 Water(10)	2175.58	-1.1	19.62	7.31	5.61	161.48	2198.79	2194.10	2192.80	2204.34
48 Miscellaneous (23)	1737.61	+1.5	5.76	5.71	23.89	75.10	1712.16	1674.56	1642.57	1557.84
49 INDUSTRIAL GROUP (481)	1218.31	+0.2	8.77	4.78	14.25	41.95	1215.51	1199.31	1183.68	1033.85
51 Oil & Gas (19)	2152.67	-0.2	11.89	6.51	11.13	104.27	2156.40	2139.78	2105.65	2296.62
59 500 SHARE INDEX (500)	1300.73	+0.2	9.13	4.98	13.82	46.98	1298.33	1281.89	1264.75	1137.75
61 FINANCIAL GROUP (90)	702.47	-0.8	-	6.65	-	34.52	708.34	699.53	682.86	710.09
62 Banks (9)	834.79	-1.2	4.73	6.36	41.85	38.97	844.72	834.21	808.67	757.98
65 Insurance (Life) (6)	1435.07	....	-	5.95	-	63.68	1435.75	1408.51	1368.96	1269.68
66 Insurance (Composite) (7)	484.11	-0.8	-	9.01	-	32.94	487.97	478.45	462.25	604.02
67 Insurance (Brokers) (10)	972.55	-0.4	8.39	6.89	15.70	49.46	976.66	963.83	944.13	1028.50
68 Merchant Banks (7)	438.09	-0.4	-	4.89	-	16.06	439.81	438.86	437.79	355.41
69 Property (35)	786.86	-1.1	6.24	5.99	23.44	34.11	795.42	791.13	787.79	963.53
70 Other Financial (16)	227.13	+0.2	11.84	7.70	10.63	13.03	226.65	225.91	225.10	252.28
71 Investment Trusts (69)	1136.98	+0.7	-	3.83	-	33.27	1129.11	1119.97	1111.53	1002.09
99 ALL-SHARE INDEX (659)	1157.95	+0.1	-	5.15	-	43.48	1157.09	1142.61	1126.05	1032.25

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 27	Dec 24	Dec 23	Dec 20	Dec 19	Year ago
FT-SE 100 SHARE INDEX‡	2420.0	+1.3	2426.6	2404.0	2418.7	2384.4	2345.4	2358.1	2391.6	2143.5

FIXED INTEREST

PRICE INDICES	Mon Dec 30	Day's change %	Fri Dec 27	Accrued Interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (27)	120.94	-0.07	121.28	1.70	12.43
2 5-15 years (27)	134.36	-0.34	134.82	2.39	13.36
3 Over 15 years (8)	142.75	-0.48	143.43	1.49	13.69
4 Irredeemables (6)	156.58	-0.46	157.30	1.20	14.67
5 All stocks (69)	132.38	-0.26	132.83	2.09	13.25
Index-Linked					
6 Up to 5 years (2)	166.77	+0.01	166.76	0.91	3.16
7 Over 5 years (9)	146.43	+0.01	146.42	0.72	4.64
8 All stocks (11)	148.12	+0.01	148.11	0.74	4.51
9 Debs & Loans (62)	113.87	-0.27	114.30	2.21	10.87

AVERAGE GROSS REDEMPTION YIELDS		Mon Dec 30	Fri Dec 27	Year ago (approx.)
British Government				
1 Low	5 years	9.00	8.98	10.10
2 Coupons	15 years	9.51	9.45	10.31
3 (0%-7¾%)	20 years	9.51	9.45	10.32
4 Medium	5 years	9.94	9.89	11.14
5 Coupons	15 years	9.62	9.55	10.68
6 (8%-10¾%)	20 years	9.57	9.51	10.56
7 High	5 years	10.16	10.11	11.24
8 Coupons	15 years	9.69	9.62	10.87
9 (11%-)	20 years	9.62	9.55	10.75
10 Irredeemables	†	9.72	9.68	10.48
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	4.13	4.12	4.18
12 Inflation rate 5%	Over 5 yrs.	4.43	4.42	4.18
13 Inflation rate 10%	Up to 5 yrs.	3.48	3.47	2.86
14 Inflation rate 10%	Over 5 yrs.	4.24	4.24	4.00
15 Debs &	5 years	11.41	11.31	12.62
16 Loans	15 years	11.17	11.09	12.38
17	25 years	10.95	10.89	12.15

‡ Opening index 2426.6; 9 am 2411.6; 10 am 2408.5; 11 am 2412.9; Noon 2414.3; 1 pm 2420.8; 2 pm 2421.4; 2.30 pm 2421.0; 3 pm 2419.4; 4.10 pm 2425.6 (a) 8.30am (b) 9.23am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	73	7
Other Fixed Interest	0	0	19
Commercial, Industrial	280	194	1,018
Financial & Property	157	81	541
Oil & Gas	19	17	55
Plantations	1	0	9
Mines	27	31	94
Others	73	17	59
Totals	559	413	1,802

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*595)	550	47½	70½	76½	2	9½	16½
	600	13	38½	47½	15	26½	36½
ASDA (*32)	30	4	6½	9¼	3	5½	6½
	34	2	4	-	4½	7¼	-
Brit. Airways (*225)	200	27	34½	38½	½	4	8
	220	10	21	25½	5	9½	14¼
SmKl Beecham A (*852)	800	57½	83½	103	4	16	23½
	850	23	52½	73½	19	33½	40
Boots (*426)	420	13½	31	37½	6	14½	22
	460	2	11½	19	35	38	42½
B.P. (*278)	260	19½	25½	29½	1¾	5¼	10½
	280	6½	13½	18½	7	11½	18½
British Steel (*67)	60	8¼	11	12	1	2	2¾
	70	2¾	5½	7¾	4½	6	8½

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
BTR (*380)	360	28	35½	42½	4	11½	14½
	390	10½	18½	26	15½	26	28
Brit. Telecom (*326)	300	26½	36	41½	4	7	10
	330	8	18½	24½	16½	19½	23
Cadbury Sch (*417)	390	38	45½	57½	5½	16	19½
	420	20½	30	43½	17½	29½	35½
Eastern Elec (*244)	240	-	-	21	-	-	16½
	250	4½	12½	-	14½	16½	-
Guinness (*495)	475	32½	43½	-	5	13½	-
	500	17	29½	41½	14½	24	28
GEC (*199)	180	21	26½	29½	1½	3¼	6
	200	7	13½	17	8	10	13
Hanson	180	16½	23	25	2¼	4¼	5¼

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Midland Bk (*210)	200	22	30½	37½	9½	12½	17½
	220	12½	21	26	20	23	28
National Power (*140)	140	7	11½	13½	8	9½	12½
	160	2¼	5¼	6	23½	24½	25½
Reuters (*1011)	950	90½	118	140	22	34½	46
	1000	57	88	112	42½	55½	65½
R Royce (*125)	120	10	12	14	6	7¾	9½
	130	4½	7¼	9¾	11½	13	15½
Scottish Power (*102)	100	4½	8	9	6½	7	10
	110	1½	4¼	5¼	13	14	16
Sears (*90)	90	7	10	11½	6	9½	10½

[illegible]

TRADITIONAL OPTION 3-month call rates

[illegible]

TRADITIONAL OPTIONS

- First Dealings Dec 16
- Last Dealings Jan 3
- Last Declarations Mar 19
- For settlement Mar 30

3-month call rate indications are shown on page. Calls in: Conroy Pet., LASMO, Warfedale. Puts in: AMEC, Ratners.

LONDON SHARE SERVICE

AMERICANS

Notes	Price $	+ or -	1991 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	35¼xd	+⅞	35¼	20⅞	15,418	1.5
♥Allegheny & W	233p	—	365p	218p	121.1	7.2
Amdahl	919pxd	+92	18⅛	667p	909.1	0.7
Amer Cyanamid	33⅜	+1¼	42⅛	25¾	3,112	2.5
Amer Express	11[illegible]xd	+[illegible]	17⅞	9[illegible]	5,282	5.1
Amer T & T	20[illegible]xd	+[illegible]	24½	15¼	27,185	3.6
Ameritech	35⅝	−[illegible]	38⅞	32½	14,722	5.7
BankAmerica	29⅝xd	+[illegible]	25[illegible]	12[illegible]	4,484	3.3
Bankers NY	34[illegible]xd	+[illegible]	38[illegible]	20[illegible]	2,848	7.9
Bell Atlantic	25xd	−[illegible]	30½	24¼	9,831	5.7
BellSouth	26⅞	+⅜	31¼	25	13,835	5.8
♥Bethlehem Steel	7⅛xd	+⅜	11¼	6[illegible]	543.1	3.2
Bowater	1185p	+139	1635p	1042p	425.7	5.7
CPC	47½xd	+¼	54[illegible]	37[illegible]	3,599	2.4
California Engy	746p	—	926p	420p	195.8	—
Campbell Soup h	81⅝xc	—	25	14⅛	5,427	1.8
Chase Manhattan	9⅝	+[illegible]	12⅞	5[illegible]	1,388	7.1
Chrysler	6⅞xd	−⅛	9[illegible]	5⅜	1,684	5.7
Citicorp	5¾xd	+⅛	10⅜	4⅝	1,975	—
Colgate-Palm	25⅝xd	+[illegible]	26⅝	21[illegible]	3,728	2.3
Cont'l Bank	510p	+50	920p	438p	624.6	6.5
Dana	13¾xd	−⅜	21⅝	13⅝	595.2	6.5
Data General	792p	+25	1202p	203p	218.5	—
Dial	24⅛xd	+⅝	25⅝	12⅞	967.9	3.3
Dun & Brad	29	+2	29⅝	20¾	5,175	4.2
Eaton	32½	+1[illegible]	40	24¼	1,109	3.8
Echlin	7⅛xd	+⅛	8½	5½	397.9	5.5
FPL	19⅝xd	+[illegible]	20⅛	14[illegible]	3,325	6.9
Fluor	22¼xd	−[illegible]	30[illegible]	17[illegible]	1,841	1.0
Ford Motor	14[illegible]xd	−[illegible]	23¼	13	7,012	3.8
Gen Elect	39½xd	−¼	40[illegible]	28[illegible]	34,230	2.9
♥General Host	365p	—	565p	270p	—	5.8
Gillette	28[illegible]xd	+[illegible]	45¾	20⅞	6,218	1.2
Hasbro	19½	—	20⅞	794p	1,118	0.7
Honeywell	33[illegible]xd	+[illegible]	38½	21¾	2,932	2.8
Houston Inds	23¼	+[illegible]	23½	17⅞	2,997	7.2
IBM	47[illegible]xd	+[illegible]	72[illegible]	45	27,283	5.7
Ingersoll-Rand	27½xd	+[illegible]	32½	18[illegible]	1,426	2.7
Lockheed	23½xd	+⅛	28⅛	16[illegible]	1,487	4.8
Lowe's	1931p	+245	2195p	1245p	584.8	1.9
Man Hanover ♦	13⅝xd	+⅛	18⅞	9½	1,036	13.5
Merrill Lynch	30[illegible]xd	+[illegible]	32⅞	10[illegible]	3,124	1.8
Morgan (JP)	37⅛xd	+[illegible]	38¼	21[illegible]	7,012	3.0
Morris (Philip)	41¼xd	+[illegible]	44¾	25[illegible]	38,180	2.9
NYNEX	42	−⅛	40¾	39	8,519	6.1

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1991 high	low	Yld Gr's	NAV	Dis or Pm(-)
■Sphere Inc	79	—	23	18	27.2	20.0	7.5
Zero Div Pf	68¾	−½	69½	59¾	—	—	—
Warrants	3	—	6½	2¾	—	—	—
Strata	148xd	+1½	154	104	1.3	175.1	16.6
Stratton	147	—	160	120	1.7	171.8	14.5
■TR City of Lon	116	+½	121¼	90	6.6	105.5	−1.9
■TR Euro Growth s	84	−1	104	78	1.8	92.7	7.2
Ptg Sub s	54	—	58	40	2.5	—	—
■TR Far East Inc	79	+6	94	58	7.1	88.6	14.3
Warrants	15	—	23	12	—	—	—
TR High Inc H	88xd	+½	115	85	8.1	92.8	−8.4
Sub	34	—	35	24	6.8	—	—
■TR Pacific	70	+2	82	49	0.5	77.3	14.0
■TR Prop	26	—	37	25	7.7	34.3	25.8
■TR Smaller	134	—	165	96	3.7	140.7	4.8
■TR Technology M	32	—	62	20	7.7	80.0	60.0
Stepped Pf	89¾	—	94½	70½	8.2	—	—
Zero Pf	164½	+½	169½	117½	—	—	—
■Temple Bar †	260	+2	270	210	6.3	264.6	6.0
6pc 2002	£114½	+1	£114½	£102½	5.2	—	—
Temple Em Mkts as	164	+1	173	92	0.6	162.1	−1.1
Warrants	59	—	83	27	—	—	—
1pc Cv 2001	£162½	+2	£167½	£90½	0.6	—	—
■Thornton Asian	65	+5	72	55	1.0	66.8	13.1
Warrants	10	—	18	9	—	—	—
Thornton Pan Euro	27	—	31	26	4.2	29.5	8.6
Warrants	6	—	10	5	—	—	—
Throg Dual Inc	99	—	109	93	11.8	—	—
Cap	345	+5	365	260	—	622.4	44.6
■Throgmorton	46	—	54	45	6.2	64.2	28.1
Warrants	13	—	26	13	—	—	—
Throg USM	101	—	110	81	4.8	122.6	17.6
Warrants	16	—	27	14	—	—	—
Tor Inc	465xd	−5	533	400	11.2	—	—
Cap	636	—	735	585	0.8	1047.4	39.4
Tribune	224	—	268	189	2.5	264.8	15.1
Trust of Prop	61	—	77	40	3.8	76.5	20.4
USDC	150	—	165	133	3.6	186.8	19.8
US Smaller Cos	93	—	105	93	—	88.3	−5.4
Warrants	23	—	41	23	—	—	—
Value & Inc M	69½	—	74	58	6.8	71.7	10.1
6¾pc Cv Pf	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—

MEDIA

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MISCELLANEOUS - Cont.

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Price	+ or -	1991 high	low	Mkt Cap£m	Yld Gr's
‡‡Kells Mins I£	42	—	46	33	1.01	—
✠Kenmare	4½	+½	25	4	4.32	—
‡‡Navan Res I£ n	16	—	29	15	8.87	—
Northgate Expl C$ s	39	—	99	39	4.92	—
North West Expl A$	6	—	16	5	2.02	—
Oryx Gold $	168	—	169	62	—	—
‡‡Ovoca Gold I£	6	—	23	8	0.56	—
Plateau	12½	−½	44	12	2.34	—
■RTZ	456	−6	606	404	4,536	5.7
¥Thorco Res	4¾	—	11	3¼	—	—
✠Vizcaya	2½	—	10	2	1.34	—
¥Western & Pac C$	23½	—	152	19½	12.9	—
✠Young Grp	106	—	138	106	9.98	6.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ¥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- Unregulated collective investment scheme

payment. I Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.

prospectus or other official estimates for 1990. L Estimated annualised yield, p/e based on latest annual earnings. §§ Yield based on prospectus or other

Z Dividend yield to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1100 a year for each security shown, subject to the Editor's discretion

London Share Prices

London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.
To obtain your free share Code Booklet ring (071 925-2128)

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	115.7	115.7	122.8	.....	9.36
High Inc Equity	6	120.3	123.6xd	131.4	+0.8	6.47
Worldwide Bond	6	214.3	214.3xd	227.1	+0.9	6.61
Capital Growth						
American Growth	6	196.8	196.8	210.2	+2.2	1.06
Asian Pacific	6	116.0	116.0	124.0	+1.3	1.27
Assets & Earnings	6	170.7	170.7xd	182.5	+1.6	3.29
Capital Reserve Acc	0	111.1	111.1	111.1	.....	6.83
Capital Reserve Inc	0	87.86	87.86	87.87	.....	6.83
Comdty & Energy	6	65.67	65.67	70.23	+0.69	1.94
1992 Enterprise	6	61.90	61.90	66.20	+0.57	3.11
Euro Capital Acc	6	83.64	83.64	89.45	+0.59	1.16
Euro Capital Inc	6	79.91	79.91	85.46	+0.57	1.17
General	6	159.1	159.1	170.1	+1.7	2.94
Japan	6	89.76	89.76xd	96.00	+2.42	–
Mastertrust	6	85.74	85.74	91.70	+0.97	2.79
UK Growth Acc	6	161.8	169.3	180.1	+0.8	2.21
UK Growth Dist	6	102.8	107.6xd	114.4	+0.5	2.26
US Emerging Cos	6	74.47	75.87	80.71	+1.71	–
Income & Growth	6	275.9	275.9xd	295.0	+2.4	4.79
Ethical	6	51.17	52.52	55.87	+0.19	2.79
International	6	58.83	59.64	63.44	+0.88	1.39
Dividend & Growth	6	44.80	45.99	48.92	+0.26	6.13
Global Gwth & Sec	6	52.54	52.79	56.15	+0.29	3.10

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

UK Small Cos	0	1062.6	1062.0	1119.0	–4.0	–

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Amer Inc & Growth	5¼	28.66	28.66	30.38	+0.16	2.62
Cash	0	50.31	50.31xd	50.31	+0.03	10.15
European	5¼	64.56	64.56	68.51	+0.48	0.34
European Income	5¼	68.20	68.57xd	72.34	+0.31	1.69
Exempt	1	750.9	750.9	776.6	–1.6	5.25
Extra Income	5¼	35.32	35.32xd	38.38	–0.08	6.42
Far East Emerg Econs	5¼	45.83	45.83	49.08	+0.37	1.30
Fund Inv Tst	5	105.8	108.1	115.4	+0.3	1.48
Fund Inv Tst Acc	5	172.7	176.5	188.5	+0.5	1.45
Gilt & Fixed Inc	5¼	15.82	16.18xd	17.28	+0.02	11.48
Japan	5¼	143.5	143.5	152.2	+3.2	0.00
Pacific	5¼	33.66	33.66	35.92	+0.45	0.42
Property Share	5¼	43.24	44.70	47.72	–0.09	4.49
UK Growth	5¼	32.83	32.83	35.34	.....	1.91
World Growth	5¼	46.25	46.25xd	49.37	+0.34	0.00

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Progressive Inc	5	17.20	17.20xd	18.15	.....	1.42
Progressive Acc	5	26.18	26.18	27.63	.....	1.42
International Inc	5	18.51	18.51	19.54	.....	1.20
International Acc	5	25.12	25.12	26.51	.....	1.20
Can & Foreign Inc	5	214.6	214.6	226.5	.....	1.62
Can & Foreign Acc	5	256.5	256.5	270.7	.....	1.62
Special Sits Inc	5	199.6	199.6	210.7	+5.3	1.36
Special Sits Acc	5	216.8	216.8	228.8	+6.0	1.36
PEP Inc	5	133.4	138.1xd	145.7	–1.3	2.15
PEP Acc	5	145.0	150.1	158.4	+1.4	2.15
Growth Inc	5	73.51	73.51	77.58	.....	0.46
Growth Acc	5	74.26	74.26	78.37	.....	0.46

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Dolphin Special Sits	5¼	113.2	113.2	121.0	+1.2	3.45
Dolphin Dividend	5¼	55.18	55.18	59.01	+0.41	6.51
Dolphin Int Inc & Gth	5¼	154.4	154.4	165.1	+1.5	4.75
Dolphin UK & Gen	5¼	34.91	35.13	37.57	+0.35	1.88
Dolphin Fund of Funds	5¼	44.31	46.35	49.57	+0.4	1.29

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Balanced Growth	6	72.93	74.32	79.49	+0.79	2.71
Do (Accum)	6	78.11	79.60	85.13	+0.85	2.71
Service Cos	6	62.82	62.82	67.18	–0.08	1.98
Do (Accum)	6	66.71	66.71	71.35	–0.09	1.98
Income Growth	6	37.68	37.68xd	40.30	–0.17	5.59
Do (Accum)	6	54.26	54.26	58.03	–0.25	5.59
Higher Yield	6	30.28	30.28	32.38	–0.07	4.90
Do (Accum)	6	38.79	38.79	41.48	–0.09	4.90
American Gth Inc	6	33.95	33.95	36.31	+0.87	1.08
Do (Accum)	6	34.60	34.60	37.00	+0.89	1.08
European Growth	6	24.27	24.27	25.96	+0.23	1.40
Do (Accum)	6	24.95	24.95	26.68	+0.24	1.40
Global Bond Inc	6	22.55	22.62xd	24.19	+0.05	6.03
Do (Accum)	6	26.76	26.84	28.71	+0.06	6.03
Managed P'folio Inc	6	24.63	24.71	26.43	+0.26	–
(Do Accum)	6	24.63	24.71	26.43	+0.26	–

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

Mngd P'folio Inc	6	74.42	74.42	79.26	+0.47	2.62
Mngd P'folio Acc	6	137.3	137.3	146.2	+0.80	–
UK General	6	112.6	112.6	119.9	–0.70	4.23
Conv & General	6	15.85	15.85xd	16.88	–0.03	11.28
European Inc	6	18.93	18.93	20.39	+0.34	0.55
European Acc	6	19.45	19.45	20.94	+0.35	–
Financial	6	91.02	91.02	96.94	.....	4.87
Foundation	6	58.45	59.97	63.87	+0.02	4.39
German	6	33.70	33.70xd	35.89	+0.46	0.11
Growth Inc (5–1)	5	22.19	22.27xd	23.72	–0.17	3.90
Growth Acc (5–1)	5	24.90	24.99	26.62	–0.18	–
High Income	6	54.85	55.90	59.81	–0.18	7.31
Income	6	88.51	88.51	94.26	–0.22	5.75
Intl Income	6	74.50	74.50xd	79.34	+0.05	6.00
Intl Growth	6	26.75	26.75	28.49	+0.59	0.28
Monthly Income	6	52.52	54.44	57.98	–0.18	5.81

Morgan Grenfell Invest Fds Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0123

American Gwth	5¼	169.9	169.9	181.8	+3.0	0.69
European Gth Inc	5¼	187.1	187.1xd	201.1	+1.9	0.00
European Gth Acc	5¼	187.8	187.8xd	201.8	+1.9	0.00
Intl Gwth	5¼	130.9	130.9xd	139.4	+1.9	0.00
UK Equity Inc	5¼	106.5	106.5	114.9	–0.4	4.71
UK Equity Acc	5¼	122.8	122.8	132.5	–0.4	4.71
UK Ind Tracker Inc	5	115.6	115.6	123.6	–0.5	3.99
UK Ind Tracker Acc	5	125.7	125.7	134.4	–0.5	3.99
US Eq Ind Tracker Inc	5	138.0	138.0	147.9	+1.5	3.04
US Eq Ind Tracker Acc	5	143.3	143.3	153.6	+1.5	3.04
Japan Tracker	5	57.65	57.65xd	61.13	+1.9	0.00
Asian Trader	5¼	77.61	77.61	83.77	+1.38	1.89
Managed Inc	5¼	94.85	94.85xd	102.0	+0.9	2.06
Managed Acc	5¼	97.32	97.32xd	104.6	+0.9	2.06
Cash Inc	0	100.45	100.45xd	100.45	+0.06	10.69
Cash Acc	0	113.05	113.05xd	113.05	+0.07	10.69
Europa	5¼	97.51	97.51	104.5	+0.9	0.00
Genesis	5	94.09	94.09	100.4	+0.42	0.00

For Geoffrey Morley see Commercial Union

Murray Johnstone UT Mgmt (1000)H
7 West Nile St, Glasgow G2 2PX 0345 090 933

Acumen	5	66.29	66.63	71.12	.....	3.95
Acumen Reserve	3	66.79	66.79	68.78	.....	9.61
American Income	5	127.69	127.70	136.20	+0.20	3.41
Equity Income	5	74.07	74.07xd	79.05	–0.58	6.25
European	5	50.86	50.86	54.24	+0.38	1.43
Far Eastern	5	101.30	101.30	108.10	+1.40	1.06
Smaller Cos	5	44.92	45.22xd	48.27	+0.32	3.26
Olympiad	5¼	44.30	44.30	47.27	+0.98	0.97
Olympiad Income	5¼	41.33	41.33xd	44.10	+0.19	6.16
UK Growth	5	69.18	69.18	73.84	–0.11	2.11

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline, call 0836 430000. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Unit Trust Code Booklet call 071-925-2128

Funds in Court*

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Dec 12	467.43	470.98	----	3.00
Gross Dec 12	174.61	176.08	----	11.08
High Yield Dec 12	273.64	275.83	----	7.98

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Mngd	50.13	51.23	+0.21	4.31

INVESCO MIM Management Ltd

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Mngd P'Follo	1125.0	1215.0	----	-
Mngd Pens (Acc)	63.9	67.3	----	-

Lazard Brothers & Co. Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Property Sept 5	£2440.0	2660.0	----	7.80
Inc Gth Prp Jul 31	£1375.0	1460.0	----	8.90

Lazard Investors Ltd ‡‡

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Small Co's Dec 23	£3791.9	3955	----	4.13
European Dec 23	£327.0	332.7	----	2.13
American Dec 23	£319.6	325.1	----	2.51
Japan Dec 23	£448.1	453.1	----	1.44
Pacific Dec 23	£124.9	128.4	----	2.16
W Midlands Sep 30	£136.50	152.30	----	2.48

Local Authorities' Mutual Invest. Tst.*

2 Fore Street, London EC2Y 5AQ 071-588 1815

	Bid Price	Offer Price	+ or -	Yield Gross
Property Nov 30	193.55	197.40	----	7.94
Equity Nov 30	834.90	846.60	----	4.15

* Available only to Local Authorities

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Charibond Dec 27		103.31	+0.2	10.44
(Accum Units)		609.43	+1.1	10.44
NAACIF Dec 24		39.52	----	9.95

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Property Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group (x)

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

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Shield Assurance Ltd

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Skandia Life Assurance Co Ltd—Contd.

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Target Life Assurance Co Ltd—Contd.

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

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Eagle Star Intl Financial Services

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Finance International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

PanEuroLife

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

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Johnson Fry Asset Managers Plc

Knight Williams & Company Ltd

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PEG Fund Management Ltd

Pendleton May Financial Services Ltd

Portfolio Fund Management Ltd

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OFFSHORE AND OVERSEAS

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Fidelity Money Funds

Orion Fund Limited

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Ivory & Sime Pembroke Inc

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Adams & Neville Fd Mngmt (Guernsey) Ltd

Baring Intl Fd Managers (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Royal Bank of Canada Fund

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)

Adams & Neville Fund Mngt (Guernsey) Ltd

Arab-Bank Fund Managers (Guernsey) Ltd

Credit Suisse Asset Mngmt (Guernsey) Ltd

Fleet-Cornell Fund Managers

Gambros Fund Managers (CI) Ltd

Harold Throgmorton Mngmt Ltd

Henderson Admin (Guernsey)

Holborn Fund Management (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngt Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Company

Nikko Capital Mngt (Europe) Ltd

Rothschild Asset Management

Save & Prosper International

U.S. Treasury Securities Fund Ltd

Yamaichi Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd

Hafela Prolific International Mngmt Ltd

Swiss Life Investment Fund

IRELAND (REGULATED)

Bank of Ireland Unit Managers Ltd

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fresh pressure put on sterling

STERLING met further pressure yesterday as foreign exchange markets continued to react negatively to the UK government's decision not to follow the rest of Europe by immediately raising interest rates.

But with many market participants not at their desks, there was little actual selling of sterling, and dealers said the real test for the pound will not come until the new year.

With money markets anticipating a ½ point rise in UK interest rates but the government still sticking to the current level of base rates of 10½ per cent, the pound had a weak tone for much of the session.

The batch of reports which suggested that the UK economy is still in recession and may still be slowing down set the scene for the day's dealing, with sterling marked down soon after opening.

A poll in a weekend newspaper indicated that consumer confidence had fallen sharply, while initial reports from the retailing sector suggested that winter sales had got off to a poor start.

Sterling slipped to DM2.8350, down 1¼ pfennigs from Friday's close and within ½ pfennig of its effective floor against the D-Mark, before ending in London at DM2.8375.

Government ministers attempted to bolster the confidence of the foreign exchange market by once again ruling out any devaluation of sterling.

Mr John Maples, the Treasury secretary, reiterated the government's commitment to maintaining sterling within its current ERM bands, saying that interest rates would be raised if necessary.

The market was unimpressed and by the close sterling was even further adrift from the rest of the ERM. The Spanish peseta was 6.2 per cent above the pound, just below the level at which the Bank of England would be obliged to support sterling.

Towards the close, sterling briefly rallied to above DM2.84 and there were some scattered suggestions that the Bank of England had been intervening. There was also more widespread speculation that the Bank had been lightly supporting sterling on Friday.

Inter-bank dealers said the pound also attracted some buying interest at the lower levels, since speculators had become nervous of a sudden sterling recovery and tended to cover their short positions.

In the rest of the ERM, trading was quiet. The D-Mark remained stable and was firm. Other currencies were locked in tight ranges.

The decision by the Bank of Japan to lower the discount rate by ½ point to 4½ per cent was greeted with surprise and gave the dollar a firmer tone.

Mr Paul Chertkow, currency strategist at Citibank in London, said the move partly reflected the Bank of Japan's concern at the slowdown of the economy; but it had also been influenced by political factors, particularly Mr Bush's visit to Japan. The dollar rose to DM1.5200 from DM1.5165 and to Y125.70 from Y125.50. In New York the US unit ended at DM1.5210 and Y125.55.

£ IN NEW YORK

Dec.30	Close	Previous Close
£ Spot	1.8650-1.8660	1.8735-1.8745
1 month	1.07-1.06pm	0.95-0.93pm
3 months	3.01-2.97pm	2.97-2.94pm
12 months	11.10-10.9pm	11.10-10.9pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.30	Previous
8.30 am	91.5	91.7
9.00 am	91.5	91.8
10.00 am	91.5	91.7
11.00 am	91.6	91.7
Noon	91.5	91.7
1.00 pm	91.5	91.7
2.00 pm	91.4	91.7
3.00 pm	91.4	91.7
4.00 pm	91.5	91.7

CURRENCY MOVEMENTS

Dec 30	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.5	-20.3
U.S. Dollar	60.9	-18.1
Canadian Dollar	101.9	+0.1
Austrian Schilling	110.9	+13.2
Belgian Franc	112.8	-0.6
Danish Krone	109.7	+3.2
D-Mark	120.6	+26.3
Swiss Franc	109.6	+17.7
Dutch Guilder	115.8	+17.4
French Franc	104.4	-11.9
Lira	99.4	-19.4
Yen	140.8	+75.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Dec.27

CURRENCY RATES

OTHER CURRENCIES

*Official rate. Floating rate £-2663.0 $-1418.0

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 30	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.688	-2.95	5.91	51
Belgian Franc	42.4032	41.9290	-1.12	3.95	46
D-Mark	2.05586	2.03515	-1.01	3.83	53
Dutch Guilder	2.31643	2.29416	-0.96	3.78	39
Irish Punt	0.767417	0.765931	-0.19	2.98	1
Italian Lira	1538.24	1542.83	0.30	2.48	-23
French Franc	6.89509	6.95128	0.81	1.95	-54
Danish Krone	7.84195	7.92936	1.11	1.65	-59
Sterling	0.696904	0.716315	2.79	0.00	-54

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8650 - 1.8745	1.8665 - 1.8675	1.08-1.06cpm	6.88	3.06-3.30pm	6.81
Canada	2.1640 - 2.1755	2.1640 - 2.1650	0.70-0.58cpm	3.55	1.97-1.73pm	3.42
Netherlands	3.1925 - 3.2085	3.1925 - 3.2025	¼-parcpm	0.47	⅞-½pm	0.86
Belgium	58.30 - 58.75	58.50 - 58.60	10-1cpm	1.13	20-9pm	0.99
Denmark	11.0445 - 11.1035	11.0475 - 11.0575	1-½orepm	0.81	2½-1⅞pm	0.79
Ireland	1.0680 - 1.0695	1.0680 - 1.0690	0.01-0.06cdis	-0.39	0.05-0.15dis	-0.37
Germany	2.8340 - 2.8440	2.8350 - 2.8400	½-¼pfpm	1.32	⅞-⅝pm	1.06
Portugal	250.70 - 253.75	251.10 - 252.10	22-61cdis	-1.98	142-200dis	-2.72
Spain	180.35 - 181.55	180.50 - 180.80	20-26cdis	-1.53	84-96dis	-1.99
Italy	2148.30 - 2156.70	2149.25 - 2150.25	3-5liredis	-2.23	10-12dis	-2.05
Norway	11.1700 - 11.2360	11.1700 - 11.1800	½-¼cpm	0.34	1-½pm	0.27
France	9.6765 - 9.7185	9.6850 - 9.6950	½-¼cpm	0.46	1⅜-1pm	0.49
Sweden	10.3725 - 10.4295	10.3650 - 10.3750	2-2¼oredis	-2.46	5¾-6¼dis	-2.36
Japan	234.25 - 236.10	234.25 - 235.25	1⅛-1ypm	5.43	3⅛-2⅞pm	5.11
Austria	19.95 - 20.03	19.95 - 19.98	2½-⅞gropm	1.01	6½-3⅝pm	0.99
Switzerland	2.5265 - 2.5375	2.5275 - 2.5375	¼-⅛cpm	3.26	1⅝-1½pm	2.47
Ecu	1.3960 - 1.4035	1.3960 - 1.3970	0.05cpm-par	0.21	0.11-0.03pm	0.20

Commercial rates taken towards the end of London trading. Six-month forward dollar 6.01-5.96cpm. 12 Month 11.22-11.07pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8650 - 1.8745	1.8665 - 1.8675	1.08-1.06cpm	6.88	3.06-3.30pm	6.81
Ireland†	1.7470 - 1.7540	1.7475 - 1.7485	0.95-0.90cpm	6.35	2.70-2.60pm	6.06
Canada	1.1560 - 1.1606	1.1580 - 1.1590	0.25-0.30cdis	-2.85	0.84-0.94dis	-3.07
Netherlands	1.7070 - 1.7155	1.7115 - 1.7125	0.79-0.83cdis	-5.68	2.35-2.41dis	-5.56
Belgium	31.15 - 31.40	31.30 - 31.40	14.00-16.00cdis	-5.74	40.00-46.00dis	-5.49
Denmark	5.9000 - 5.9265	5.9175 - 5.9225	2.60-3.10oredis	-5.78	8.15-8.85dis	-5.74
Germany	1.5135 - 1.5220	1.5195 - 1.5205	0.70-0.71pfdis	-5.57	2.06-2.09dis	-5.46
Portugal	134.25 - 134.95	134.25 - 134.35	110-130cdis	-10.72	305-335dis	-9.53
Spain	96.50 - 96.95	96.85 - 96.95	65-73cdis	-8.54	200-220dis	-8.67
Italy	1146.50 - 1152.00	1151.25 - 1151.75	8.60-9.30liredis	-9.33	24.30-25.70dis	-8.68
Norway	5.9725 - 5.9970	5.9825 - 5.9875	3.05-3.55oredis	-6.62	9.25-9.85dis	-6.38
France	5.1725 - 5.1925	5.1875 - 5.1925	2.76-2.81cdis	-6.44	8.02-8.12dis	-6.22
Sweden	5.5365 - 5.5655	5.5525 - 5.5575	4.20-5.25oredis	-10.21	12.80-14.00dis	-9.65
Japan	125.55 - 126.00	125.65 - 125.75	0.15-0.16ydis	-1.48	0.43-0.45dis	-1.40
Austria	10.6650 - 10.7150	10.6910 - 10.6960	4.45-4.90grodis	-5.25	13.80-15.00dis	-5.39
Switzerland	1.3475 - 1.3575	1.3565 - 1.3575	0.38-0.45cdis	-3.67	1.33-1.43dis	-4.07
Ecu	1.3320 - 1.3400	1.3365 - 1.3375	0.70-0.60cpm	5.83	2.10-1.95pm	6.06

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 30	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅞ - 10⅝	11 - 10¾	11 - 10⅞	11 - 10⅞	11 - 10⅞	10⅞ - 10¾
US Dollar	4⅜ - 4¼	4⅜ - 4¼	4⅜ - 4¼	4¼ - 4⅛	4¼ - 4⅛	4⅜ - 4¼
Can Dollar	6½ - 6¼	6⅝ - 6½	6⅞ - 6⅝	7 - 6¾	7⅛ - 6⅞	7⅛ - 6⅞
Dutch Guilder	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9¾ - 9⅝	9⅝ - 9½	9⅝ - 9½
Swiss Franc	10 - 9	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 7⅞	8⅛ - 7⅞	7⅞ - 7¾
D-Mark	9½ - 9¼	9½ - 9¼	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
French Franc	10⅝ - 10½	10⅝ - 10½	10⅜ - 10¼	10⅜ - 10¼	10⅜ - 10¼	10⅛ - 10
Italian Lira	12 - 10	13⅛ - 12½	13⅛ - 12⅞	12½ - 12	12⅜ - 12¼	12⅜ - 12⅛
Belgian Franc	10¼ - 10	9⅞ - 9¾	9⅞ - 9¾	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	5½ - 5⅜	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅜ - 5¼
Danish Krone	9⅞ - 9½	9⅞ - 9⅝	10 - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞	10⅛ - 9⅞
Asian $Sing	2¼ - 2	2⅛ - 2	2⅜ - 2⅛	2⅞ - 2¾	3⅛ - 3	3⅛ - 3

Long term Eurodollars: two years 5⅛-4⅞ per cent; three years 5⅝-5½ per cent; four years 6⅛-6 per cent; five years 6⅜-6¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.30	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.867	2.838	234.8	9.690	2.533	3.198	2150	2.165	58.55	1.397
$	0.536	1	1.520	125.8	5.190	1.357	1.713	1152	1.160	31.36	0.748
DM	0.352	0.658	1	82.73	3.414	0.893	1.127	757.6	0.763	20.63	0.492
YEN	4.259	7.951	12.09	1000.	41.27	10.79	13.62	9157	9.221	249.4	5.950
F Fr.	1.032	1.927	2.929	242.3	10.	2.614	3.300	2219	2.234	60.42	1.442
S Fr.	0.395	0.737	1.120	92.70	3.826	1	1.263	848.8	0.855	23.11	0.552
N Fl.	0.313	0.584	0.887	73.42	3.030	0.792	1	672.3	0.677	18.31	0.437
Lira	0.465	0.868	1.320	109.2	4.507	1.178	1.487	1000.	1.007	27.23	0.650
C$	0.462	0.862	1.311	108.5	4.476	1.170	1.477	993.1	1	27.04	0.645
B Fr.	1.708	3.189	4.847	401.0	16.55	4.326	5.462	3672	3.698	100.	2.386
Ecu	0.716	1.336	2.031	168.1	6.936	1.813	2.289	1539	1.550	41.91	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates steady

THE LONDON money markets continued to indicate that base rates will have to rise as sterling weakened within the European Monetary System's exchange rate mechanism.

In other market centres, Japan's surprise decision to lower the discount rate by ½ point to 4½ per cent caused yen rates to fall but had little effect on US and European rates.

The key three months interbank rate closed at 11-10$\frac{15}{16}$ per cent, unchanged from Friday's closing level. Six months money was at 11-10⅞ per cent, little changed, while one year money was steady at 10$\frac{15}{16}$-$\frac{13}{16}$ per cent.

With hardly any business being transacted in the quiet holiday period, dealers reported little immediate pressure for a rise in interest rates.

Indeed, the Bank of England was reasonably generous in its dealings with the money market. An initial forecast that the market would be £900m short of liquidity was followed by £918m of assistance.

This was provided by way of bill purchases across the range of available maturities. Later in the day, the Bank bought a further £30m of bills and revised its shortage to £950m.

Overnight money rates traded close to 8 per cent for much of the day, reflecting the availability of liquidity from the Bank. Overnight money eventually closed little changed at 10⅞ per cent.

The stance taken by the Bank removed any immediate upward pressure on money market rates. However, Treasury managers at UK clearing banks said the discrepancy between money market rates and base rates meant they could eventually be faced with pressures to raise base rates.

Sterling's position in the ERM would determine whether there were further upward pressures on money market rates. Yesterday, the pound remained weak, losing a pfennig to close at DM2.8375.

In Germany, money market rates remained firm. Dealing was quiet but year-end technical factors kept rates steady.

Some banks were reported to be unwilling to part with their funds, while the injection of liquidity by the Bundesbank last week prevented strong upward pressures developing in the market.

Call money was quoted at 9.50-60 per cent, little changed from Friday's level. March Euro-marks climbed 2 points to 90.56.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.30) 3 months US dollars		6 months US Dollars	
bid 4¼	offer 4⅜	bid 4¼	offer 4⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

FINANCIAL FUTURES AND OPTIONS

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
March	107.78	108.00	+0.28	108.00	107.78	8.81	5,007

Estimated volume 764 Total Open Interest 5,007

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	1.65	-	-	0.31	-	-
107	0.97	1.91	-	0.61	-	-
108	0.50	-	-	0.72	-	-
109	0.23	0.89	-	-	-	-
Open Int	144,428	11,122	350	87,220	12,332	250

Estimated volume 20,337 Total Open Interest 255,697

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	13.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

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JOTTER PAD

CROSSWORD

No.7,735 Set by GRIFFIN

ACROSS

1 This puzzle isn't stupid! (8)
5 Programme takes time and is faulty (6)
9 In bid to stop one doing wrong .... (8)
10 .... slight about fifty other units (6)
11 Espy broken reactor in something causing fits (8)
12 Suspect I'm OK with no dressing-gown (6)
14 Skipping and running round mobile home, squeal (10)
18 Security pass the Parisian replaced later (10)
22 In backing army CO I displayed stupidity (6)
23 That is not Kylie in view of window (8)
24 Get up late? (6)
25 Listen to a row that's more robust (8)
26 Scottish one got back round by fiddling (6)
27 It's rejected by terribly angry swimmer (8)

DOWN

1 Caught defeated person getting nearer (6)
2 Not just ugly? (6)
3 In other words superfluous underwear causes delay! (6)
4 Gullible person follows prophet's material (10)
6 Rising, say Lent is misinterpreted by non-Jews (8)
7 Hypersensitive Italian leader in counter-revolution (6)
8 Even if in a lake throws no lines (8)
13 One carrying superior lines which travellers use? (10)
15 Edict can ruin chance (8)
16 All-powerful when almost eighty so turned Lawrence out (8)
17 Vulgar chat when woman drops round without guard (8)
19 For about a pound in old coin .... (6)
20 .... more repulsive soldiers turn up after fruit (6)
21 Old copper, unusually rusty outside but strongly built (6)

Solution to Puzzle No.7,734

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA

December 30	Sch	+ or −
Austrian Airlines	2,290	−30
Creditanstalt Pf	405	−10
EA General	2,850	+10
EVN	756	−6
Jungbunzlauer	9,880	−20
OeMv	943	−1
Perlmooser Zement	1,420	....
Radex Heraklith	390	−10
Reininghaus Brue	1,550	−40
Steyr Daimler	226	−3
Veitscher Magnesit	270	−5
Verbund (Br) A	495	....
Wienerberger	3,975	+15
Z-Laenderbank	1,010	....

BELGIUM/LUXEMBOURG

December 30	Frs.	+ or −
ACEC-Union Min	2,240	+40
AG Group	1,740	....
Arbed	3,220	+20
BBL	3,240	+40
Bank Intl a Lux	11,650	....
Banq Gen Lux Pts	12,300	+25
Barco	956	−16
Bekaert	9,130	+20
CBR Ciment	6,500	+10
Cobepa	4,800	−70
Cobepa AFV 1	4,850	+50
Cockerill Priv	145	+3
Colruyt	4,390	+40
Delhaize Frs Lion	8,410	+290
Electrabel	4,850	+30
Electrabel AFV	4,870	+120
Electrafina ACT	2,635	−15
GBL	3,290	+60
GBL AFV 1	3,200	−85
GIB Group	1,200	....
GIB Group AFV	1,162	+10
Gechem	311	−9
Gechem AFV	316	−14
Generale Banque	5,970	−20
Gen Banque AFV1	5,980	+110
Gevaert	6,390	+70
Kredietbank	4,130	+5
Kredietbk AFV	4,245	+50
Pan Holding Lux	13,000	−50
Petrofina	10,900	+75
Powerfin	2,570	−10
Powerfin AFV	2,505	−45
Royale Belge	3,830	+50
Royale Belge AFV 1	3,880	+180
Soc Gen Belge	1,790	....
Soc Gen Belge AFV	1,805	....
Sofina	11,200	+100
Solvay	11,800	+275
Tessenderlo	5,610xd	+10
Tessenderlo AFV	5,320xd	....
Tractebel	8,000	+10
Tractebel AFV 1	7,900	+210
UCB	19,000xd	+200
UCB AFV	18,650xd	+400
Wagons Lits	8,560	−270
Wagons Lits AFV	8,690	+30

DENMARK

December 30	Kr	+ or −
Baltica Holding Reg	744	−1
Bikuben	292	−1
Carlsberg A	1,930	....
D/S 1912 A	95,900	+400
Danisco	914	+18
Den Danske Bank	310	−2
East Asiatic	166	+1
FLS Ind B	645	+1
Great Nordic	367	+29
Hafnia Hldgs A	597	−3
Hafnia Hldgs B	416	....

FRANCE (continued)

December 30	Frs.	+ or −
Bancaire Cie	470	+11
Beghin-Say	595	+10
Beghin-Say Cert Inv	469	+4
Bongrain	2,450	−5
Bouygues	511	−5
CGIP	972	+29
C M B Packaging	162.50	−1.50
Canal+	1,090	+51
Cap Gemini S	289	+4.50
Carrefour	2,315	+35
Casino	135.50	−1.40
Cetelem	620	....
Chargeurs	897	−1
Club Mediterranee	420	+3
Cogifi	350	+12.50
Coparex	650	+50
C C F	167.50	+0.80
Cr Fonc France	980	+25
Cred Lyon (CI)	488	+3
Credit Nationale	948	+45
Damart	2,253	+2
Docks de France	350.50	+0.60
Dollfus Mieg Cie	256.30	−13.60
EBF	741	....
Eaux Cie Genl	2,022	+24
Ecco	347	−8
Elf-Aquitaine	392	+1.50
Elf-Aquitaine Certs	254.90	+1.30
Essilor Int	300	−4
Etex	1,715	+55
Eurafrance	1,251	+12
Eurocom	559	+10
Euro Disney	142.30	+4.20
Exor	1,324	+4
Finextel	117	−2
Fonc Lyonnaise	610	....
From C et Aux	2,270	−110
GTM-Entrepose	330	−10
Gal. Lafayette	1,332	−18
Gaumont (Soc N)	625	....
Geophysique	485	....
Hachette	146	+10.10
Havas	432	+11.90
Imetal	239.50	+5.50
Imm de France	788	−3
Immobanque	700	+28
Immob Phenix	166	+4.10
Industrielle	5,600xd	+100
Interbail	449	....
Intertechnique	670	+4
LVMH	4,134	+107
Lafarge Coppee	323.50	+0.50
L'Oreal	748	+13
Legrand	3,610	−90
Legris	371	−4
Lyon Eaux Dumez	427	+1.90
Matra	172	+3.40
Merlin-Gerin	475	−7
Michelin B	120	+0.20
Moulinex	151	+3
Navigation Mixte	1,279	+1
Nord Est	85	−0.20
Orsan	188.50	−3.50
Paribas	308.80	+1.20
Paris Reescompte	230.50	−2.80
Pernod Ricard	1,233	+28
Perrier	1,198	−22
Peugeot	585xd	+7
Pinault	290	+10
Poliet	392	−10.10
Printemps (Au)	814	−3
Promodes	2,720	+5
Radiotechn	460	−3.80
Redoute	4,600	+60
Rhone Poulenc Cts	482	+4
Roussel-Uclaf	1,800	−10
SILIC	531	+4
Sagem	1,595	+55
Saint Gobain	428.90	+5.90
Saint Louis	1,187	+63
Sanofi	1,045	+5
Schneider	560	+8

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

4:00 pm prices December 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld. %	P/E Ratio	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

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NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Prev. Close	Chng
68½	35¼	Xerox	3.00	4.4		123551	u69¾	67¾	68¾		+¾
52¼	43¼	Xerox4.125				2	u52¼	52	52¼		
25¼	14⅛	Xtra 1.94				292	25	24¾	25		+¼
29¾	14¼	Xtra Corp	0.72	2.5	14	2035	29¼	28⅞	29		
27⅜	21¾	Yankee Egy	1.60	6.1	12	36	26⅛	25⅞	26⅛		+⅛
1½	⅜	Zapata				861067	[illegible]	d½	[illegible]		
9⅜	5¼	ZenithElec				21316	7⅝	7⅛	7⅝		+⅝
18½	12	Zenith Nat x	1.00	6.3	131	99	16	15¾	15¾		−¼
6⅝	4½	Zenix Inc x	0.84	14.0		65	6⅛	6	6		−⅛
15⅛	10	Zero Corp	0.40	3.4	15	316	11⅞	11¼	11¾		+½
41⅞	29½	Zurn Ind	0.88	2.5	14	440	35	34⅛	34¾		+⅞
13½	10¼	Zweig Fund x	1.16	8.4		239	u13⅞	13¼	13⅞		+½
10⅝	8½	Zweig Tot x	0.96	9.0		581	u10¾	10⅝	10⅝		

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices December 30

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Oil Corp x	0.14	6	263	7½	7¼	7½	+⅛
Pall Corp x	0.20	30	2310	27½	25½	27½	+1¾
Pegasus G x	0.10	7	413	11¾	11⅝	11¾	
Perini		6	215	10½	9¾	10⅜	+1¼
Pet Ht&P	0.31	6	12	10¼	10¼	10¼	−¼
Phil LD	0.18	13	538	u33	32⅛	32¾	+¼
Pittway A	1.10	12	68	28⅞	28½	28½	−⅜

NASDAQ NATIONAL MARKET

4:00 pm prices December 30

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FINANCIAL TIMES
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FINANCIAL TIMES Tuesday December 31 1991

AMERICA

Economic hopes lift Dow to third record in a row

Wall Street

INVESTOR optimism about the US economy and equity prices combined with short-covering to lift the share market to further record highs yesterday, *writes Patrick Harverson in New York.*

By the close the Dow Jones Industrial Average had surged 62.39 to 3,163.91, its third all-time high in a row. Other indices also set new record peaks. The more broadly based Standard & Poor's 500 climbed 8.67 to 415.13, while the Nasdaq composite of over-the-counter stocks soared 14.04 to 579.75.

Turnover on the New York Stock Exchange was a heavy 247m shares. This is much more than it would normally be for the last Monday before the new year, and is an indication of the strength of demand from individual investors.

The stock market has been in record-breaking form ever since the Federal Reserve lowered the discount rate to 3.5 per cent on December 20, a move that investors hope will stimulate the US economy next year.

Evidence of the effect of lower borrowing costs on the economy was revealed yesterday, when the National Association of Realtors announced that existing home sales rose 5.4 per cent in November, an increase that was a direct consequence of lower mortgage rates.

Some investors have been buying stocks because the big reductions in interest rates have made the yields on equities more attractive than on other assets, while others yesterday were buying to cover short positions established before the recent rally.

All the big blue-chip issues gained good ground. Wal-Mart forged ahead \$2¼ to \$58¾ and Philip Morris \$3½ to \$80⅝. RJR Nabisco gained \$¼ to \$11 in volume of 3.3m and General Electric \$2⅞ to \$76⅞.

The news of a rise in house sales boosted home construction shares, with Standard Pacific advancing \$1⅛ to \$11⅞, Ryland Group \$1⅝ to \$24⅛ and Clayton Homes \$1⅝ to \$15⅛.

An isolated dull spot was Georgia Pacific, which retreated \$1½ to \$54¼ on what appeared to be sustained profit-taking by short-term investors, who enjoyed strong gains last week when the shares advanced more than 30 per cent.

On the over-the-counter market, Amgen was in demand, moving ahead \$3⅞ to \$69⅞ in turnover of 2.1m shares. Crop Genetics jumped \$2½ to \$10½ on news of a joint venture with Du Pont to produce viruses for controlling insects on crops.

Canada

THE STRENGTH on Wall Street spilled over into Toronto yesterday and shares forged ahead as they caught up with gains posted last week in New York.

The composite index climbed 64 points or 1.86 per cent to 3,505.9 as rises led falls by 409 to 155, but volume was a relatively light 18.9m shares. The rise in the index was the biggest since a 70.4 increase on December 14, 1987.

Canadian banks, bolstered by expectations of further interest rate declines, posted broadly based rises, with Bank of Nova Scotia topping the actives list and adding C\$⅞ at C\$21⅞ on brisk volume of almost 950,000 shares.

Fletcher Challenge Canada said over the weekend that it would sell its 45 per cent stake in a Quebec pulp and lumber company to Donohue for C\$120m. Fletcher "A" shares put on C\$¼ to C\$16¼.

Foreign investors put Lima in the spotlight

But Peru's violent history could restrain interest from abroad, writes Sally Bowen

LIMA'S SLEEPY stock exchange with its 32 "gentlemen" brokers has been stirred by a flurry of interest from abroad.

Chileans and Argentines are snapping up bargains in breweries and construction companies, while several global investment funds have dispatched senior representatives to assess the prospects for Latin America's newest emerging market.

"All the big companies look extremely cheap and liquid," says one foreign investor.

The Lima stock exchange index has risen by around 30 per cent a month for the past quarter, matching the performance of Colombia. The government minister in charge of Peru's fledgling privatisation programme is forecasting a rise "in the region of 200 per cent" for next year.

Fewer than 300 companies are quoted on the Lima market. In common with many other Latin American exchanges, only half-a-dozen shares account for three-quarters of total trading volume and, until the middle of this year, only about \$30,000 worth changed hands daily.

With the Buenos Aires and Santiago markets saturated, Argentine and Chilean investors have have been looking for a home for their surplus dollars. In Lima they found favourable price/earnings ratios. "Where you would have to pay 15 times in Chile, or 12 in Colombia, you can find similar shares here at a [p/e] ratio of 4 or 5," says one US analyst who was recently in Lima.

Nevertheless, the country's history of terrorism and violence is likely to restrain foreign interest, at least for the present. Peru has been discouragingly dubbed "the world's riskiest country for business" by the US company Business Risks International.

Foreign investment has been stimulated by a deluge of reforms. Peru now claims to have the most liberal foreign exchange regime in the continent.

Moreover, the country's economy remains in recession. In spite of this, however, certain Peruvian companies, for example Backus and Johnson, the country's top brewer, continue to turn in good profits.

Cement and telecommunication shares are also attracting serious international interest. Cement producers are currently operating at only 30 to 40 per cent of installed capacity, while construction activity is set to expand at least by 10 per cent in 1992 in a massive road and infrastructure reconstruction programme.

Telecommunications are another good bet, say international analysts. Peru's telephone provision is the lowest of any Latin American country at 2.4 per 100 inhabitants. CPT, Lima's telephone company, plans to at least double the capital's existing 370,000 lines by 1995. Privatisation of the sector is expected to follow Mexico's successful Telmex model. "But while Telmex was on a 4:1 book value to earnings ratio, CPT is around 1.5:1," says one potential investor. CPT shares have jumped almost 200 per cent in six weeks.

In the past three months, 40 per cent of shares traded on the Lima exchange have been bought by foreigners. Trading has rocketed to a daily average of over \$1m. The year's record came in late October when more than \$5m worth of shares changed hands in one day.

Foreign investment has been stimulated by a deluge of reforms. Peru now claims to have the most liberal foreign exchange regime in the continent. There are no restrictions on currency transfers. Bank accounts may be held in any currency and in any country, and foreign exchange availability is guaranteed. Investors need not even register their holdings with Conite, the foreign investment and technology regulatory board, unless they so wish.

Sustained stock market activity dates only from September, with Peru's long-awaited return to the international financial fold. Most quoted Peruvian companies are still majority-owned by powerful families or small interest groups which have never used public share offers to raise fresh capital. Only a small percentage of total holdings are available for trading.

Now all that is changing, according to Mr Jose Almenara, the stock exchange manager. Privatisation of Peru's state pension and health schemes is expected to free between \$100m and \$200m in savings next year, much of which is expected to find its way into shares. And with continuing recession and prohibitively high interest rates, companies must find an alternative to traditionally cheap bank borrowing, says Mr Almenara.

He expects pressure from pension funds and foreign money "to get the share issue ball rolling and broaden the capital market enormously".

A new stock market law has eliminated the old system of individual brokers, requiring them to form associations with minimum capital of around \$500,000. It also ends 21 years of government control over the exchange's board.

"It is going to make us more professional," says Mr Jose Luque Otero, a broker for 24 years. "We have been a pretty amateur bunch until now."

But the quality and detail of statistics produced by the current exchange management is "unusually good", according to Mr Pepe Picasso of Lima's leading brokerage, Argos. Mr Picasso visited Santiago and New York in late November for talks with leading investors to set up a Peru Fund, which he says is now "at the paperwork stage".

Foreign investment analysts who have made it to Peru claim that they are undeterred by the country's terrorism. "This government has halted inflation and passed excellent foreign investment laws," says one US fund manager. "I am telling myself: This is a great opportunity."

● A review of other Latin American stock markets this year will appear on January 2.

EUROPE

Bourses follow overseas lead in end-of-year rally

THE STRENGTH of Wall Street and Tokyo was reflected yesterday in European bourses, many of which traded for the last time this year, *writes Our Markets Staff.* Paris, Madrid and Milan are due to open today.

PARIS resumed its upward path after Friday's pause. The CAC 40 index closed 21.21 or 1.2 per cent higher at 1,741.86, after dipping to a day's low of 1,721.54. The index has risen more than 100 points since Monday last week, when the central bank raised domestic interest rates. Turnover was modest after Friday's FFr1.4bn.

Hachette made one of the day's best gains, jumping FFr146 or 7.4 per cent to FFr146. The stock has rallied 23.6 per cent since it said last Tuesday that it would not support La Cinq, the troubled television station in which it owns a 25 per cent stake, on its own.

Canal Plus gained FFr51 or 5.2 per cent to FFr1,030 amid speculation – dismissed by some analysts – that it might merge with Havas. Some other blue chips rose in moderate trading: Alcatel Alsthom by FFr9 to FFr556 in volume of 146,105 shares, and L'Air Liquide by FFr16 to FFr695.

MADRID was unusually active thanks to heavy trading in a few stocks. The general index gained 4.8 or 2 per cent to 242.11 in turnover of about Pta27bn, up from Pta18bn.

Valenciana, the cement maker, closed Pta90 down at Pta13,600, after rising to a year's high of Pta14,050 earlier in the day, in heavy volume of 1.04m shares or about 9 per cent of the company. The activity, which included two large block trades, was said to be part of a portfolio reshuffle by members of the Serratosa family, which holds almost 26 per cent.

Among utilities, Iberdrola I gained Pta9 to Pta708 in volume of 1.6m shares and Union Fenosa rose Pta31 or 5.7 per cent to Pta573 in 757,000 shares. Other winners included Dragados, the construction company, which jumped Pta115 to Pta1,955 and BBV, the bank, which rose Pta130 to Pta2,610.

MILAN was encouraged by gains on other markets. The Comit index rose 7.92 to 504.58 in turnover estimated at slightly more than Friday's L63bn.

Generali, the insurer, rose 2.2 per cent or L600 to L28,300 on the news late last week that it had bought a 5 per cent stake in Spain's largest private-sector bank, Banco Central Hispano Americano. Other insurers were also firm, with Fondiaria adding L300 to L34,200.

Among blue chips, Fiat rose L126 to L4,675.

FRANKFURT ended 1991 on a firm note, but turnover was thin as the only activity was residual window-dressing by traders. The real-time DAX index closed 14.39 up at the day's high of 1,577.98, for a rise of 12.8 per cent on the year. The FAZ index, calculated at midsession, rose 3.4 to 640.31. Volume grew to DM2.9bn from DM2.5bn.

Among blue chips, Daimler added DM6.50 to DM742, while Deutsche Bank rose DM5 to DM671. Volkswagen was up DM6.10 at DM301.50.

STOCKHOLM closed higher in moderate trading ahead of the new year's holiday. The Affärsvärlden General index rose 10.9 to 917.6, a gain of 5.5 per cent on the year, in volume of SKr320m after SKr265m.

Demand for Astra contributed to the session's gain. The B shares jumped SKr18 to SKr590.

OSLO gained 1.3 per cent on the last trading day of the year, but finished 1991 down 9.4 per cent. The all-share index added 5.18 to 413.55 in turnover of NKr465m. Turnover for the year as a whole fell to NKr75.6bn from NKr88.3bn in 1990.

ZURICH finished the year on an upbeat. The Crédit Suisse index was unavailable, but the Swiss Market Index rose 14.4 to 1,670.1, a gain over the year of 20.8 per cent.

BRUSSELS rose in its last session of the year, but closed below its day's high. The Bel20 index ended 9.78 up at 1,092.00 in turnover of BFr928m. The bourse rose about 9.3 per cent on the year.

Delhaize, the retailer, gained BFr290 or 3.6 per cent to BFr8,410 after the strength on Wall Street of its US subsidiary, Food Lion.

AMSTERDAM closed 1991 marginally higher in thin trading. The CBS Tendency index closed at 88.7, up 0.3.

COPENHAGEN rose on the last trading day of the year. The bourse index added 3.41 to 352.56, a rise during 1991 of 12 per cent. **HELSINKI** also managed to show a gain on the last session of 1991. The Hex index added 14.3 or 1.9 per cent to 781.5 in active trading.

VIENNA finished just above its low for the year. The ATX index fell 4.75 to 883.25.

FT-SE Eurotrack 100 - Dec 30

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3pm	4 pm
1060.66	1061.25	1063.02	1063.54	1064.03	1064.54	1065.34	1065.54

Day's High 1065.78 Day's Low 1060.47

Dec 27	Dec 24	Dec 23	Dec 20	Dec 19
1055.30	1042.60	1026.29	1032.92	1043.04

Base value 1000 (26/10/90).

SOUTH AFRICA

JOHANNESBURG fell as weak bullion prices kept gold and platinum shares under pressure. The all-gold index ended at 1,141, down 37 from last Tuesday, but industrials rose 35 to 4,133. The all-share index was steady at 3,420.

ASIA PACIFIC

Nikkei advances 2.4% after discount rate cut

Tokyo

STOCKS CLOSED stronger yesterday, the last trading day of the year, after the Bank of Japan cut the official discount rate to 4.5 per cent from 5.0 per cent. Brokers said options-linked buying added an extra boost, lifting the Nikkei average briefly above 23,000, *Reuter reports from Tokyo.*

"Once people saw in late trade that the market was still going up, they started piling in," said Mr Masahiko Tsuyuzaki of Tachibana Securities. "After the rate cut, people were less reluctant to hold positions over the new year holidays."

The Nikkei finished 546.45 or 2.4 per cent ahead at 22,983.77, with 160m shares traded in the half-day session, compared with 130m by midday on Friday. Advances outpaced declines by more than four-to-one, with 787 issues higher, 186 lower and 117 unchanged. The broader first section Topix index rose 39.45 or 2.4 per cent to 1,714.68.

The central bank reduced the discount rate 30 minutes before the start of trade, sending the Nikkei 309.35 higher in the first 15 minutes of dealings. The advance then stalled just above that level, but was renewed in late morning on futures and options-led buying. The Nikkei peaked at 23,022.35 just before the close, after a day's low of 22,505.97.

The Nikkei has fallen 864.94 or 3.6 per cent in the year as a whole. It peaked at 27,146.91 on March 18 and bottomed out at 21,456.76 on August 19.

Brokers said a rate cut had been expected, but nevertheless it raised hopes of a firm start to 1992. It also improved prospects for further government action to boost Japan's faltering economy.

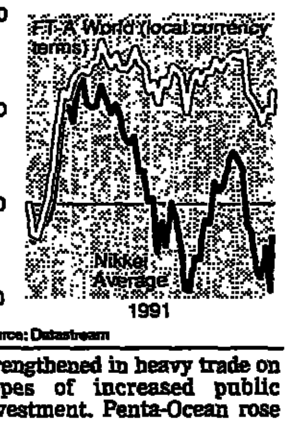
Large-capital issues gained ground on the discount rate cut. Mitsui Engineering moved ahead Y20 to Y587, Mitsubishi Heavy climbed Y32 to Y696, Nippon Steel added Y17 at Y375 and Tokyo Electric Power put on Y80 to Y3,540.

Construction shares strengthened in heavy trade on hopes of increased public investment. Penta-Ocean rose Y60 to Y1,030, Sato Kogyo Y50 to Y1,490 and Nishimatsu Construction Y70 to Y1,250.

High-technology stocks attracted bargain hunting, with Hitachi improving Y22 to Y912, NEC Y60 to Y1,200 and Sharp Y70 to Y1,320. Speculative issues retreated, Clarion Corp losing Y61 to Y920 and Nippon Carbon Y180 to Y1,850.

Japan

Indices rebased



Source: Datastream

Roundup

LAST WEEK's record-breaking rally on Wall Street encouraged moderate buying in most Pacific Rim markets. Taipei, Seoul and Manila were closed.

AUSTRALIA was swept higher in New York's wake. Hopes of a cut in domestic interest rates also lifted the market. The All Ordinaries index moved forward 17.7 to 1,612.6 in turnover of A\$216m, up from A\$183m.

Among the winners, BHP added 30 cents at A\$13.40, Commonwealth Bank of Australia gained 18 cents to A\$7.73 and News Corp appreciated 34 cents to A\$14.84.

NEW ZEALAND's initial gains were trimmed by profit-taking and an 8-cent fall in the shares of Telecom to NZ\$2.50. The NZSE-40 index closed a net 13.41 higher at 1,483.55 in turnover of NZ\$14m.

Fletcher Challenge moved ahead 12 cents to NZ\$3.34 in volume of 1.3m shares after the company announced that its Canadian subsidiary was selling its stake in a Quebec pulp and lumber company.

HONG KONG benefited from Wall Street's strength. The Hang Seng index ended 39.00 higher at 4,275.20 after turnover of HK\$1.02bn, against HK\$1.01bn.

SINGAPORE advanced for the fifth consecutive session. The Straits Times Industrial index added 9.11 at 1,476.98 in moderate volume of 35.5m shares, down from 37m.

KUALA LUMPUR's composite index picked up 2.58 to 554.38.

BANGKOK's rally continued, the SET index gaining 8.76 to 711.36 in turnover of Bt3.22bn, after Friday's Bt3.19bn.

KARACHI rose sharply on renewed foreign buying. The KSE index finished 41 stronger at 1,639.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS - Cont.

BRITISH FUNDS - Cont.

OTHER FIXED INTEREST

Continued on page 20

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 30 1991								FRIDAY DECEMBER 27 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	146.93	+1.3	116.68	116.74	116.11	128.70	+1.4	4.32	145.02	114.51	115.04	114.34	126.93	160.31	112.74	118.05
Austria (20)	166.17	−0.4	131.95	132.04	131.31	131.21	−0.2	2.20	166.88	131.78	132.39	131.57	131.48	222.37	153.86	196.64
Belgium (47)	143.88	+0.3	114.25	114.31	113.70	111.24	+0.5	5.33	143.44	113.27	113.78	113.09	110.72	151.20	118.04	132.22
Canada (115)	135.91	+1.9	107.92	107.98	107.39	114.01	+1.7	3.22	133.42	105.36	105.84	105.19	112.07	144.28	126.49	130.03
Denmark (37)	266.59	+0.2	211.70	211.83	210.67	214.65	+0.4	1.67	266.18	210.20	211.17	209.87	213.78	270.56	217.74	232.63
Finland (15)	77.97	+5.7	61.92	61.96	61.62	67.71	+5.4	3.60	73.78	58.26	58.53	58.17	64.22	125.15	73.32	103.14
France (109)	147.97	+0.8	117.50	117.57	116.92	120.47	+0.9	3.68	146.83	115.95	116.47	115.75	119.42	152.26	119.11	131.75
Germany (65)	117.09	+0.3	92.99	93.05	92.53	92.53	+0.5	2.49	116.80	92.23	92.67	92.08	92.08	125.35	94.15	111.90
Hong Kong (55)	175.21	+1.0	139.13	139.21	138.46	174.99	+1.1	4.26	173.41	136.94	137.57	136.73	173.17	176.14	119.82	121.81
Ireland (16)	165.81	+0.9	131.67	131.75	131.03	133.66	+1.2	3.75	164.39	129.82	130.41	129.61	132.14	182.46	132.88	148.46
Italy (77)	74.72	+1.6	59.33	59.37	59.04	64.25	+1.7	3.61	73.54	58.07	58.33	57.97	63.17	88.23	64.76	78.31
Japan (474)	135.01	+2.4	107.21	107.28	106.71	107.28	+2.6	0.79	131.83	104.10	104.58	103.95	104.58	146.97	118.23	124.77
Malaysia (68)	212.49	+0.7	168.74	168.83	167.92	223.58	+0.5	2.79	211.06	166.67	167.43	166.40	222.44	247.78	189.18	212.14
Mexico (17)	1367.74	+1.0	1086.12	1086.76	1080.85	4547.55	+1.0	1.13	1354.69	1069.74	1074.68	1068.07	4504.16	1404.63	534.45	584.45
Netherland (31)	152.41	+0.3	121.03	121.10	120.44	119.09	+0.4	4.53	151.90	119.95	120.50	119.76	118.59	152.41	125.70	133.97
New Zealand (14)	46.40	+0.5	36.85	36.87	36.67	45.54	+0.9	6.03	46.16	36.45	36.62	36.39	45.12	54.64	41.18	43.41
Norway (28)	178.19	+0.9	141.50	141.59	140.82	144.75	+0.9	1.78	176.54	139.40	140.05	139.19	143.41	223.24	167.06	204.27
Singapore (38)	217.28	+0.4	172.54	172.65	171.70	163.21	+0.7	2.14	216.32	170.82	171.61	170.55	162.09	217.28	151.83	169.27
South Africa (61)	248.69	+0.4	197.48	197.59	196.52	172.29	+0.1	2.86	247.70	195.60	196.50	195.29	172.15	271.99	173.00	182.89
Spain (53)	153.48	+1.5	121.88	121.96	121.29	112.67	+1.8	4.94	151.26	119.44	120.00	119.25	110.69	171.12	131.51	140.32
Sweden (25)	180.73	+0.6	143.52	143.61	142.83	148.63	+0.6	3.00	179.65	141.87	142.52	141.65	147.74	204.12	146.60	159.45
Switzerland (59)	100.22	+0.4	79.59	79.64	79.21	84.31	+0.9	2.37	99.83	78.84	79.20	78.72	83.59	100.67	82.17	88.93
United Kingdom (235)	179.83	−0.5	142.80	142.88	142.10	142.80	+0.1	5.22	180.68	142.66	143.32	142.44	142.68	187.44	156.27	165.67
USA (525)	169.17	+2.0	134.34	134.42	133.69	169.17	+2.0	2.88	165.77	130.90	131.51	130.70	165.77	169.17	125.95	133.31
Europe (819)	145.19	+0.2	115.30	115.37	114.74	115.71	+0.5	4.16	144.95	114.46	114.99	114.29	115.11	151.52	125.50	134.53
Nordic (105)	183.36	+0.5	145.60	145.69	144.90	143.90	+0.7	2.25	182.37	144.01	144.66	143.78	142.96	200.81	155.55	167.71
Pacific Basin (718)	136.18	+2.3	108.14	108.21	107.62	109.70	+2.4	1.11	133.15	105.15	105.64	104.98	107.10	145.92	117.86	124.12
Euro–Pacific (1537)	140.11	+1.4	111.26	111.32	110.72	112.86	+1.6	2.37	138.18	109.12	109.61	108.94	111.05	147.66	121.29	128.70
North America (640)	167.05	+2.0	132.66	132.75	132.04	165.41	+2.0	2.90	163.71	129.28	129.89	129.10	162.11	167.05	125.91	133.02
Europe Ex. UK (584)	124.22	+0.6	98.64	98.72	98.19	100.05	+0.6	3.40	123.43	97.47	97.94	97.34	98.21	129.80	103.58	115.51
Pacific Ex. Japan (244)	147.73	+1.0	117.31	117.40	116.76	132.70	+1.1	4.00	146.22	115.47	116.02	115.30	131.27	153.19	111.40	115.83
World Ex. US (1730)	141.88	+1.4	112.67	112.74	112.12	114.61	+1.6	2.40	139.94	110.51	111.02	110.34	112.80	148.16	122.32	129.54
World Ex. UK (2020)	147.16	+1.9	116.86	116.94	116.30	130.29	+2.0	2.29	144.44	114.06	114.60	113.90	127.78	147.16	120.06	126.31
World Ex. So. Af. (2194)	149.38	+1.7	118.62	118.70	118.06	131.15	+1.8	2.58	146.95	116.04	116.59	115.87	128.84	149.38	122.92	129.48
World Ex. Japan (1781)	159.38	+1.3	126.56	126.65	125.97	145.05	+1.4	3.38	157.34	124.25	124.83	124.07	143.03	159.38	126.69	133.71
The World Index (2255)	150.02	+1.6	119.13	119.21	118.56	131.51	+1.8	2.58	147.60	116.56	117.10	116.38	129.22	150.02	123.28	129.80

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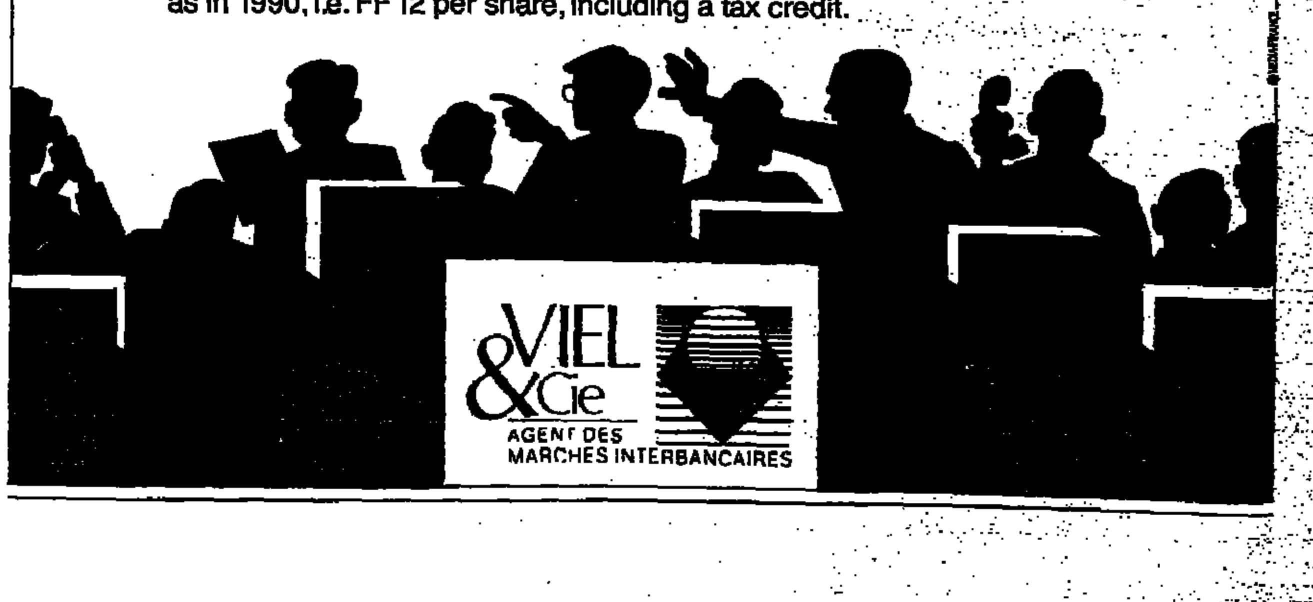
VIEL & Co. expresses its gratitude to its clients for their support throughout 1991 and to its shareholders for their loyalty.

Despite the difficulties of conducting financial intermediation activities today, VIEL & Co. should generate, in 1991, total revenues in the region of FF145m and a net income of about FF30m after providing for employee profit-sharing.

The Board of Directors will recommend distributing the same dividend as in 1990, i.e. FF12 per share, including a tax credit.



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